Monday July 10 1989

of Mr Botha's arbitrary exer-cise of power and a further indication of what it calls the

National Party's slide towards

black majority rule.

Support came from Chief Mangosuthu Buthelezi, the Zulu leader, who hailed the event as "an epoch-making meeting between two soms of Africa". But the Mandela family and several black community leaders down played the significance of Mr Mandela's "meeting with his jailers."

"meeting with his jailers."

The meeting between Mr Botha and the man who, dur-

black majority rule.

Botha-Mandela meeting sparks mixed reaction in South Africa

A marriage of coal and violence

would have to formally for-

swear violence as a precondi-tion for their release.

But on April 17 Mr Botha signalled in a speech to parlia-ment that Mr Mandela and oth-

ers could be released if they were "prepared to contribute to a peaceful settlement of South Africa's future."

The decision to play host to

Mr Mandela is understood to have been a personal decision by the President, who no longer holds a party position but still wields executive powers reported to the entire President.

granted to the state President under the 1984 constitution.

D 8523A

World News

No.30,890

rapont Aofes today over Israeli coalition

Israel's Labour Party is expected to vote today on
whether to leave a coalition
with the right-wing Likud bloc.
Such a move could bring down
the Government and force new

Israeli police were deployed throughout Jerusalem in antic-ipation of more anti-Arab vio-lence as Palestinians in the occupied territories staged a strike to mark the 20th month of their uprising. Page 12

Bhutto N-pledge

Prime Minister Benazir Bhutto denied Pakistan was building a nuclear bomb and pladged to work for nuclear non-prolif-eration with India.

Italian solution

i plan

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Veteran Christian Democrat Giulio Andreotti, who has already served as Italy's Prime Minister five times, agreed to try to break the country's 51-day political crisis and form a new government. Page 2

Syrian blockade

Syrian gunboats blockading ebanon's Christian enclave intercepted a yacht in a further tightening of the siege as Shiah Moslem militiamen fought with rockets and machine guns in Reirut.

Greek confidence

Greece's conservative commu nist coalition won its first confidence vote in parliament, clearing the way for the prose-cution of former Prime Minister Andreas Papandreou and other defeated socialists.

iranian candidates

Iran named parliamentary speaker Ali Akbar Hashemi Rafsanjani and a former minis-ter, Abbas Shelbani, to stand for president. Page 3

Zambia protests -

Zambian police fired tearges to disperse youths who looted shops and stoned cars in the copperbelt town of Mufulira in the second day of protests against food price rises.

Serbs stage rally

A Serbian festival in Croatia yesterday turned into a protest by tens of thousands of Serbs over ethnic discrimination, stoking tensions between Yugoslavia's two largest

Asean disagreement Australia and the European

Community exchanged strong words after the EC asked to be an observer in a proposed group for Pacific regional cooperation. Page 3

80 hurt in bull run Righty people were injured at the Pamplona bull runs where Spaniards celebrate the country's wildest fiests by rac-ing bulls through the streets.

Airbus row diffused A dispute between the US and the European Community over government subsidies to Air-

bus Industrie entered a calmer phase in two days of talks in Geneva, Page 2

Acruino in Germany Philippines President Corazon Aquino arrived in West Germany at the start of a tour to encourage a greater European role in the development of the

Argentine pledge

The Government of President Carios Saul Menem, promising "major surgery, without anae thetic", was to amounce harst austerity measures last night to combat Argentina's worst economic crisis. Page 4

Japanese storm

A leading member of Japan's ruling Liberal Democratic Party caused a storm in the country's national election campaign by declaring that "women are useless in the world of politics." Page 3

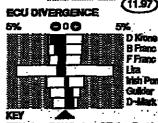
Wimbledon double West Germans won both sin-gles titles at Wimbledon. Steffi Graf repeated her 1988 final win over Martina Navratilova (US), 6-2 6-7 6-1 and Boris Becker, who was champion in 1985 and 1986 beat holder Stefan Edberg 6-0 7-6 6-4

BAe seeks approval to sell 50 Hawk iets to Iraq

BRITISH Aerospace, UK aircraft manufacturer, is seek-ing government approval to sell 50 or more Hawk jet tra ers to Iraq in a deal worth hun-dreds of millions of pounds. Page 2

The Spanish pescia was the only currency that showed any real change in the EMS last week, losing further ground. However, an increase in the Bank of Spain's money market intervention rate provided some support at the end of the week. The D-Mark remained the most improved currency, also making gains against a sharply weaker dollar.





The chart shows the two con-

ergence from the "central European currencies.

Union was cut by 33 per cent after last month's pipeline blast in the Ural Mountains which killed 600. Page 2

injecting media interests into Avenir, a listed French com-pany. Page 13

tional, Beverly Hills health group, has accepted a \$2.14bn leveraged buy-out plan from a group including the Pritzker family of Chicago and First Boston. Page 18

Sir Hector Laing said he did not believe a takeover hid for the company was being planned. Page 14

ALLIED IRISH Banks has

VICKERS, the Montreal engl-

HONG KONG'S Century City-

LUCAS Automotive, UK vehicle components division of Lucas industries, is plan-ning a more than five-fold

RACAL Electronics, UK elec-

office furniture subsidiary.

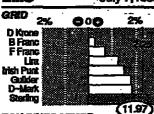
hullding society, claims house prices rose markedly in the north of England and in Northern ireland. Page 6

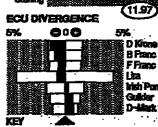
PITTENCRIEFF, Scottish oil tional Page 18

GATEWAY, third largest UK retail chain, is set to be sold decide between rival hids from rival US and UK companies.

EUROPEAN Monetary System:

July 7,1989





Limit ECU Party M Day Position

straints on European Monetary System rates: The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 214 per cent. The lower chart gives each currency's rate" against the European Cur-rency Unit (ECU), a basket of

GAS supply in the Soviet

MAI and Havas, poster con-tractors in UK and France, are

AMERICAN Medical Interna-

UK ECONOMY is heading for a "soft landing" in 1990, say leading forecasters. Page 5 INFIED BISCUITS chairman

TIK PHARMACEUTICAL industry says it faces a deepening crisis as it attempts to recruit graduate scientists. Page 6

launched a \$150m issue of 6m perpetual non-cumulative preference shares in the US domestic market. Page 18

valuation, the intention energy meaning group founded as a shipbuilding offshoot of the British Vickers company in 1911, is to close with the loss of about 400 jobs. Page 14

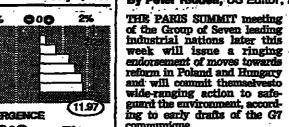
group, the property, hotels and investment empire controlled by Lo Yuk Sui, local entrepreneur, is to move five quoted units to Bermudz, Page 14

se in production capac-

tronics group, has sold Gispen & Stanhieuhel, its Dutchbased

NATIONWIDE ANGLIA, UK

HIGH costs may push down the value Britain's nuclear power plant, which new figures given to the Government sug-gest is over-valued. Page 6 investment company, is pur-chasing the US oil and gas assets of Seahawk Oil Interna-



communique. As President George Bush flew to Warsaw yesterday to begin his second European visit in six weeks, the indications from senior officials involved in summit prepara-tions were that there would little new on macro-economic policy in the communique.

More than a third of the current draft covers the environ-ment, expected to be a major theme of the discussions between the leaders of the US, Japan, West Germany, France, Britain, Italy and Canada, as well as Mr Jaques Delors, Pres-

By Anthony Robinson in Johannesburg

unexpected meeting with Mr Nelson Mandela, the jailed African National Congress-leader, disclosed over the

weekend, provoked a mixed reaction in South Africa yester-day from black and white poli-

The move, which took most officials of the ruling National

Party by surprise, could boost the far-right Conservative

Party and prove an impredict-able element in the prepara-tions for the country's general election on September 8. Last Wednesday's meeting, not

PRESIDENT PW Botha's revealed until Saturday, dra-unexpected meeting with Mr Nelson Mandela, the jailed Botha's determination to influ-

ence developments in South Africa, seemingly without con-cern for the impact it could have on his party's electoral

it was welcomed by leaders of the "liberal left" opposition Democratic Party as "an important step towards restor-ing rationality to the political

The meeting was castigated, however, by Conservative Party spokeamen who saw the decision as a another example

ident of the European Commis-

IT HAS been a miserable year for Penislans; many of their favourite monuments closed

for repair and restoration, interminable intellectual

bates over the true meaning

of the French Revolution, and hordes of peddlers selling tatty hicentennial souvenirs.

issues such as Bastern Europe of changes in the climate. and China, as well as Third World debt problems and After his visits to Poland and Hungary early this week, Pres-ident Bush and President Fran-cois Mitterrand, who has also recently been to Warsaw, will

industrial nations next Friday, threatens to cap it all, with traffic restrictions, crowd barriers and an estimated 3m tour-

BUSH FLIES TO POLAND • G7 MEETING ALSO TO FOCUS ON ENVIRONMENT

Paris summit expected to

back East Europe reform

sek the backing of the other heads of government for a strong statement of support for reform in Eastern Europe. More specifically, the summit is expected to back the rescheduling of Polish debts by the Paris Club of creditor nations and to encourage the current talks between the International Monetary Fund and the Polish Government on an economic recovery pro-

The lengthy environment section of the communique superently argues that "declare action is urgently needed to understand and protect the earth's ecological balance." sion.

There will also be considerable emphasis on political

The section also stresses the concern caused by depletion of the exone layer and the threat

In a pre-summit briefing, Mr William Reilly, head of the American Environmental Pro-tection Agency, said the US wanted a commitment to international co-operation on the environment, embracing not only the summit seven but also Third World countries such as Brazil, India and China, whose industrial expansion could have a big impact on these

For example, the communi-que will argue that both indus-trialised and developing coun-tries have a duty to protect the long-term future of tropical rain forests. To this end the Japanese Government is believed to be considering a 52hn proposal to assist in tree-planting programmes in coun-tries which have suffered

is to support or reinforce existing steps towards dealing with environmental problems rather

With 30 heads of state and

government set to arrive, secu-rity will be so tight that the commemoration of the Declara-tion of the Rights of Man at the

que backs the current analysis of how to reduce carbon dioxof now to remice carbon ainside emissions produced by fossil fuels under the United Nations Environment Programme. Similarly, the leaders are expected to call on the relevant bodies of the UN to prepare a report on the state of the world's oceans, and to sup-port existing efforts by the international Maritime Organisation to produce a convention on oil spills.

For instance, the communi

risen to status as the world-wide symbol of the struggle against apartheid, took place at the President's official Cape

Town residence.

Town residence.

Mr FW de Klerk, who replaced Mr Botha as leader of the ruling National Party in Pebruary, was informed of the meeting, but most members of the Cabinet were unaware that it had taken place.

A presidential spokesman initially denied knowledge of the 45-minute tea party until it was confirmed by a short statement from the Justice Minis-

ment from the Justice Minis-try. It said that "President

The summit is expected to The summit is expected to reaffirm the current process of international economic policy co-ordination, urge the removal of structural impediments to non-inflationary growth in Japan and West Germany, call for further reductions in the budget deficits in the US and Canada, support a reduction in inflation in Britain and Italy, back a multi-Britain and Italy, back a multi-lateral approach to trade nego-

Thursday evening for the new Bastille Opera, with Mr Georges Pretre on the conduc-tor's rostrum, will be equally

private, although it will be

handed over to the people for

The main throst of the draft tiations, and back US policy over Third World debt. Bush bid to trump Gorbachev,

Mexico close to deal with leading bank creditors By Stephen Fidler, Euromarkets

Correspondent, in London

Botha met Mr Nelson Mandela informally on July 5, when the latter paid a courtesy visit on the State President."

The statement said "no pol-

icy matters were discussed and no negotiations conducted, but added that both men "availed themselves of the

opportunity to confirm their support for peaceful develop-ment in South Africa".

ment in South Africa.

The meeting was widely seen as preliminary to the eventual release of Mr Mandela, although until recently the

Government insisted Mr Man-dela and other jailed leaders

MEXICO and its 15 leading commercial bank creditors said at the weekend they were close to an agreement in principle on a new financial package for the

country.
In a joint statement issued in New York, Mr William Rhodes of Citicorp and Mr Angel Gur-ria, the chief Mexican negotia-tor, said they had made sub-stantial progress on the deal.

If approved, the package would provide Mexico with financial benefits of more than \$3bn annually, the statement said. Work on the agreement would be continued in talks

reopening today.

The chairmen of most of Mexico's leading creditor banks met for four days last week in New York in an attempt to reach an agreement on reducing Mexico's \$100bn debt burden. Banks are under intense

pressure to reach agreement from the US Administration There will also be consider concern caused by depletion or able amphasis on political fine ozone layer and the threat tives.

G7 locks horns with la Revolution

The agreement between Mexico and its banks is regarded as likely to provide a blueprint for a debt strategy announced in March by Mr. Nicholas Brady, the US Trea-

Nicholas Brady, the US Treasury Secretary.

Bankers said the agreement was likely to include an option to cut bank debt by an average

broadcast later on French tele-vision. The main worry of the organisers is whether they will be able to pack the heads of state off before the streets are of 35 per cent. According to bankers, the proposals would enable banks to choose from a menu of three options to help Mexico. They affect \$54bn of medium and long term bank debt, \$38bn of

Britain reviews lending guide

THE BANK of England is reviewing the credit scoring system used as a guide for the provisions UK banks should make to cushion against possible losses on loans to problem debtor countries.

The review of the so-called matrix, which has been essentially unaltered in the two years since it was introduced. is likely to increase expecta-tions that UK banks will have to make higher Third World debt provisions. Page 4

Banks could swap loans for bonds with a below par face value, at an average discount of 35 per cent; exchange loans for bonds with below market interest rates, averaging 6.25 per cent; or make new loans equivalent to 8 per cent over a bank's exposure annually over three years, or 6.25 per cent annually over four years.

• The newly formed Party

of the Democratic Revolution (PRD), and the long-ruling Institutional Revolutionary Party (PRI) both claim to have won a majority of 18 state con-gressional seats contended for in the July 2 ballot.

Political passions were high in ahead of the disclosure of official results. Each of the par-

ties accuses its opponent of election irregularities, including vote-tampering and theft of ballot boxes. Mexico election results awaited, Page 4

Yet the first glimmers of hope have appeared. The earlisest sign came when the Bastille column emerged refreshed from a forest of scaffolding. And even the most gloomy of anti-revolutionaries could not avoid a cheer when the Invaluation of the Rights of Man at the Trocadero on Thursday threatens to turn into a private affair for the 30 leaders and their bodyguards. The misery is not over. This week, leading up to the Bastille Day festivities and the summit meeting of the seven leading Siemens still keen to purchase Plessey despite talks failure

SIEMENS, West Germany's biggest electronics and electricals conglomerate, remains keen to buy Plessey, the UK electronics group, despite the breakdown last week of compromise talks between Plessey and GEC, the British engineering and electronics group and Siemens' bid partner.

Mr Karlheinz Kaske, Siemens' thisf executive, at a

Mr Karlheinz Kaske, Siemens' chief executive, at a press conference in Istanbul, said the GEC-Plessey talks had collapsed because Plessey's offer to sell its stake in the GPT telecommunications joint venture had been "inadequate." GEC and Siemenswanted more than just GPT, but "Plessey was not ready for that," he said.

In London, GEC remained confident that it would receive this week from Britain's Ministry of Defence a draft copy of the undertakings which the company will have to accept before being allowed to launch a new bid.

These undertakings concern

These undertakings concern

tition which the British Gov-ernment is eager to emforce. Contrary to earlier impres-sions, Mr Kaske emphasised that Siemes was interested in more than just Plessey's tele-communications business.

You shouldn't forget there are other activities which are especially interesting." he said.

Mr Kaske identified Plessey's semi-conductors business as a particularly appealing business for Siemens in view of current demand patterns for semi-con-

With Britain poised to over-take West Germany in semi-conductor demand, "it's very important (for Siemens) to have a stronger leg in this area in the UK." he said. On the surface, Siemens appears to have staked its bets on a successful conclusion of the current talks with the Ministry of Defence. "The form of the undertakings is decisive in whether we take up our offer again or not," said Mr Karl-Hermann Baumain, Stemens'

far longer that expected, mean-ing that "it is very unlikely we would take up our bid again this buiness year," said Mr

Siemens' financial year ends on September 30. However, the extreme cau-tion of senior Siemens execu-tives towards the bid should not be taken as any lack of

Rather, the West German company is extremely anxious not to trigger City of London not to trigger City of London takeover rules, which could interpret injudicious remarks as indicating a new bid is in the offing. One important fac-tor behind their patience is probably the belief that some parts of Plessey would still be available, even if the talks with the Ministry of Defence failed.

That view is underlined by the fact that no "white kright" the fact that no "white knight" has emerged for Plessey in the eight months since the GRC-Slemens hints at dividend rise,

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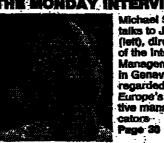
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you'll soon be leaving the

competition far, far below.

CONTENTS THE MONDAY INTERVIEW

matters of security and comps- director of finance.



Michael Skapinker talks to Juan Rada (lett), director-general of the International Management institute in Geneva, and widely regarded as one of Europe's most innova

Editorial Comment.

sents Why subsidiaries should be Methorial comments Western aid for Poland; Policing in the 1990s Lombard: Cheap money is bad for you 11 Lex Chemicals, International banks12 larack Call for unity in the wake of atrocity ... 12 _12 Stock Markets

-Wall Street ---London -----Monday Page. 26 Unit Trusts Money Markets

United States: Putting a new accent on the European Community4

UK clearance sought for jet sale to Iraqis

By Andrew Gowers

BRITISH Aerospace is seeking approval from the UK govern-ment to sell 50 or more Hawk jet trainers to Iraq.
The impending decision on whether to allow the deal —

for which BAe is competing with France - is a test of Whitehall's approach to arms sales to the Guif war combatants after the end of hostilities

BAe confirmed yesterday it was at an advanced stage of negotiations with Iraq. The deal, which could be worth hundreds of millions of pounds, would probably involve local assembly in Iraq

over seven years.
France has also been seeking to fill Baghdad's requirement for training aircraft with the Franco-German Alpha jet. Speculation yesterday that a decision to award the contract to BAe was imminent was dis-missed as "premature" by industry officials.

about buying jet trainers before the Gulf war, but the deal was shelved when fighting broke out in December 1980. Since the ceasefire, Iraq has embarked on an ambitious rearmament programme, including build-up of a local industry. Scores of foreign companies, including BAe, took part in a military industry fair in Baghdad in April and were invited to discuss possible military joint ventures in Iraq.

Since 1984, British companies have been formally pro-hibited under government guidelines from supplying guidelines from supplying equipment to Iran or Iraq which would prolong or exacerbate the conflict. The Defence Ministry in London yesterday stressed that these guidelines remain in force. It declined to comment directly on the possible BAe deal but said that if such a contract were under such a contract were under consideration, it would be treated in accordance with the

1984 guidelines.

BAe is likely to argue that the Hawk — as a trainer — is not affected by the government's ban. But the deal could ment's ban. But the deal could prove controversial, not least because of abuses of human rights, including Baghdad's renewed efforts to uproot the Kurdish population of north-

eastern Iraq.

Ironically the issue is complicated by the fact that the UK has no diplomatic relations with Iran. It is understood that the British government — anxious not to miss out on the lucrative reconstruction marhet — was considering relaxing its export guidelines for Iran and Iraq late last year. But internal discussion of the issue was aborted when the Iranians broke off ties with Britain over the Salman Rushdie affair. It was felt that a decision to relax the guidelines just for Iraq would be seen as one-sided and could fuel tension with Iran.

Bush bids to go one up on Gorbachev

The US President is counting on a successful Polish visit, writes Christopher Bobinski

A WOMAN stood outside the US Consular Section in War-saw yesterday, holding a dog-eared exercise book in which she jots down the names

of people who turn un every day requesting visas.

The enormous queue outside the consulate is one of the few places in the sweltering capital where you can feel the excite-ment about the three-day visit to Poland by President George Bush, who was due to arrive last night. Take the man from Bialys-

tok, who had just arrived in town. He had his name written in the book somewhere around the 5,000 mark. He should get into the building if he turns up again in two weeks' time. "If the President comes to visit us it's only polite to repay the compliment or he'll think

we don't appreciate him," he remarked. He knows that around one in three applicants gets a visa allowing entry to the US, maybe to work illegally and certainly to bring back more cash from six months' work there than can be earned in Poland in a decade. The woman from the Consul-

was not hopeful, however, that the number of visas being issued would increase as a result of the presidential visit. Indeed, it was the view of the group clustered around her yesterday that the Americans were about to tighten up the visa regulations.

The number of people applying for visas is approximately the same as the number of little American flags that the

THE seven Warsaw Pact nations barely

THE seven Warsaw Pact nations barely managed to paper over the growing cracks between their reforming and hardline leaderships at the group's summit, which ended on Saturday in Bucharest, writes Leslie Collit.

The acrimony was compounded by a suprise session of talks held by the Romanian and Hungarian Party leaders, in which both sides accused each other of acting in bad faith. The final document, issued after the two-day summit meeting of party and govern-

summit meeting of party and govern-ment leaders, underscored the Warsaw Pact's readiness to "radically reduce conventional armaments" and to engage in a "step-by-step" cutback and elimination of nuclear and chemical

weapons. Proposals by President George Bush at the last Nato meeting



A Solidarity supporter in Warsaw places leaflets publicising President Bush's visit

Warsaw Pact summit finds a fragile unity

embassy has ordered to hand out to the crowds.
Indeed, a real effort has been mounted by the Americans to get the Polish Solidarity opposition and their supporters on to the streets to cheer him on. And an advertisement has been running in the opposition Gazeta Wyborcza detailing the times and places of the Presi-

dent's appearances. In Gdansk, the local Bishop Tadeusz Goclowski had a letter read out in all the churches yesterday urging people to see

to reduce sharply troop levels and con-ventional weapons were also welcomed. But, more significantly, the final doc-ument set down the right of each state

to choose its own political system with-out external interference. On the basis

of "national independence, sovereignty and the equality of all governments", each state has the right to "freely choose its way of social-political devel-opment" the document stated. Signifi-

cantly, this sanctioned the reformers

who want radically to liberalise the

Communist system in Hungary and Poland while allowing the hardliners in

Romania, East Germany and Czechoslo-

vakia to continue to resist reforms.

It also amounted to a further rejection of the so-called Brezhnev Doctrine

of Soviet hegemony in Eastern Europe

the President when he comes to the city tomorrow. It is in Gdansk that the President and Mrs Bush and Mr John Davies, the US Ambassador, and his spouse will take a light lunch at the home of Mr Lech Wal-esa's, followed by photos in the Solidarity leader's garden.

The Americans obviously want to match the enthusiastic eception President Mikhail Gorbachev, the Soviet leader, gets when he goes to the West and to trump his rather lack-histre visit to Poland last year. Solidarity, of course, will be happy to grasp Mr Bush's hand, knowing that the US has backed their movement and that the key which can unlock

and a reaffirmation of the policy of non-interference established by Presi-was no less evident in talks between Mr

Poland's economic problems can only be turned in the West. Indeed, Mr Bush will hear much from both General Wojciech Jaruzelski, the Polish party leader, and from Mr Walesa about the need for the West to ease Poland's \$39bn (£25bn) debt burden if the country is to steer its way out of its present crisis, free of the

PRESIDENT Bush, in a statement prepared for his visit to Poland, said its democratic changes were an inspiration to the world, Reuter ration to the world, Reuter reports from Warsaw. "History — which has so often conspired with geography to deny the Pollsh people their freedom — now offers up a new and brighter fature for Poland," he said.

threat of strikes and demonstrations provoked by deteriorating living standards.

But, ironically, just as Poland is getting near the top of the US political agenda, there is little prospect of the West acquiescing to Solidarity's request for \$10hm aid over the next three years.

Indeed, Solidarity is also glancing expectantly the other

glancing expectantly the other way, towards Moscow, where the key will be turned which will unlock the country's other political stalemate.

At the end of last week, Mr

Gorbachev and Mr Walesa both said on separate occasions that they would be happy to meet. If the two men do establish an understanding, Solidarity will be in a position to move into government and proceed with

In the meantime, stacks of modern telecommunications equipment has arrived in town, to relay the President's speeches back to the US. It is more than a Polish telephone engineer can hope to set eyes on in his entire working life.

was no less evident in talks between Mr Rezsō Nyers, head of the four-man Hun-garian Party presidency, and President

The Hungarians wanted to discuss Romania's discrimination against its large ethnic-Hungarian minority and

Mr Ceausescu's plan to eliminate thou-sands of villages, many of them inhab-ited by ethnic Hungarians and Ger-

Budapest Radio said the meeting was stormy and unsuccessful. President Ceausescu, the Hungarians said, refused to talk about any of the ques-

tions put forth by Mr Nyers and instead said talks could only take place accord-ing to the principles of good-neighbour-liness and international law.

Explosion 'has cut Soviet gas by 20%'

A SOVIET government official has said that last month's explosion of a big pipeline in the Ural Mountains, in which more than 600 people were killed, will decrease the coun-try's gas supply by 20 per cent, forcing a drastic cut in gas exports and supplies to domes-tic factories and consumers,

tic factories and consumers,
AP reports from Moscow.
Mr Viktor S. Chernomyrdin,
the Soviet Gas Minister, said
that Soviet consumers should
conserve gas used in kitchen
stoves and brace for shortages
of rubber and plastic goods
made from the petroleum products the pipeline carried. He
said that, in all, the repairs to
the pipeline would take six
months.
A 1,860km pipeline carrying

and butane from western Sib-eria to chemical factories and kitchen stoves in the country's centre burst on June 4 as two passenger trains were passing. An electric spark from the

tons of liquefied gas that west-ern Siberia supplies daily. Izvestia said that gas sup-plies in June fell to 80 per cent

of the planned level and that the explosion caused a daily production shortfall of 5,000 tons, or one-third. It appeared that the authorities managed to make up for some 10 per cent of the loss through other SOURCES.

fulfil some contracts with foreign customers, the Soviet Union would have to pay Rou-bles 1m (£1m) in fines and would have to spend Rouhles 20m in foreign currency on repair equipment.

SHIPPING REPORT Rush of tanker orders fails to

Correspondent

BUSINESS was quiet in the tanker market at the beginning of last week because of holidays in the US and the problems were exacerbated by a transport strike in the UK. The expected rush of orders towards the end of the week did not materialise and rates

One charterer was reported 60 for a spot cargo from Kharg Island to the Red Sea but charwere said to be paying around NWS 55. Brokers said there was more demand from the

1m-barrel vessels appeared to have lost its momentum and rates appeared to be heading below NWS 80 for the trip to the US Gulf.

There was little activity in the North Sea, partly because of industrial action by maintenance workers on the rigs. Rates slipped as a result and Kerr McGee was able to fix 80,000 tons to the US Gulf at Worldscale 90.

in oil drilling venture

of Bandar-Anzali, was identified by Soviet geophysicists from Azerbaijan, Tass said. It gave no details of the size of any possible oil reserves.

Moscow and Tehran last month signed wide-ranging agreements to boost economic co-operation to the end of the century in a remarkable warming of relations.

FINANCIAL TIMES

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main target of inquiry

CKERCE'S NOW COSHING government has singled out Mr Andreas Papandreou, the for-mer Socialist Prime Minister, as the main target of its criminal investigations into multi-million dollar financial scandals, Reuter reports from

The coalition of conserva-tives and Communists easily won its first confidence vote in Parliament 174-124, clearing the way for criminal investigations and possible prosecution of Mr Papandreou and his top

ministers.
During three days of debate fore the vote, the coalition for the first time named Mr Papandreou and four of his most senior ministers as targets in the investigations. Mr Papandreou, 70, who dominated politics for eight years with charismatic charm and fiery populist rhetoric, will be investigated in connection

with a big bank embezzlement More than \$200m vanished in the scandal at the private Bank of Crete. The scandal broke last October and forced out eight of Mr Papandreou's min-isters. The affair, in which interest payments on state accounts were alleged to have been pocketed, was a major factor in his crushing electoral

defeat on June 18. Also named were former Public Order Minister George Petsos, former Justice Minister Agamemnon Koutsoyorgas, former Finance Minister Panaylotis Roumeliotis and former Sconomy Minister Dimitris

The unprecedented right-left coalition, united in wanting to lift immunity from prosecution for Socialist ministers, is also considering naming Mr Papan-dreon and others in inquiries into arms sales and wiretapping, officials said.

Two candidates for Tehran election

IRAN yesterday named two candidates to stand for president on July 28, but Western and Iranian analysis ruled out as ineffective the challenge to the front-runner Ali Akbar Hashemi Rafsanjani, Reuter reports from Dubai.

The Iranian news agency IRNA said the Council of Guardians had selected Mr Rafsanjani, the powerful parlia-mentary speaker, and a former minister, Mr Abbas Sheihani. But analysts said Mr Shei-bani was only a makeweight and the main concern would be to get out as many votes as possible for Mr Rafsanjani.

Papandreou | The 'Wolf' finds power within his clutches

By John Wyles in Rome

MR Ginlio Andreotti, Italy's most durable man of govern-ment who is also known as "the Wolf" and "Beeleze yesterday agreed to try to form the 49th coalition gov-ernment since the founding of the Republic.

After a rapid round of talks with party leaders on Satur-day, President Francesco Cossign finally turned to the clever, imperturbable 70-yearold Foreign Minister as the man most likely to succeed in ending the crisis which enters its 51st day today.

As the man whose government career began in 1947 as Under-Secretary to Alcide De Gasperi, the first Christian Democrat Prime Minister, Mr Andreotti leads virtually all Italy's political batting averages with a reputation for indestructibility burnished by his survival of three parliamentary attempts to impeach

As one who has converted 10 previous attempts to form a government into five actual premierships — the first in 1976 — he will be under no illusions about the difficulties of cutting a deal with Mr Bet-tino Craxi, the Socialist leader. Without this no renewed fiveparty coalition with the Socialists, Social Democrats, Republicans and Liberals is possible.
But he can be confident that his chances of success are greater than on his last attempt in March 1987 when



dent Mikhail Gorbachev.

President Gorbachev praised the open atmosphere at the summit and suggested the alliance could one day

shed its military importance, according to remarks carried by Tass yesterday. "Life changes and this organisation

will change as well, but it still has a role to play," he said. An indication of how tenuous the

modus vivendi has become among the Pact's reformist and hardline members came on the eve of the summit during a

heated discussion about the reforms by Warsaw Pact foreign ministers. East Germany and Romania sharply critic-ised Hungary for dangerously weaken-ing the rule of the party by introducing

Giulio Andreotti leaves President Cossiga's office

he was undermined by his then party leader, Mr Ciriaco De Mita, who resigned as prime minister in May after 13 months in office.

As the author of that fine epigram "power exhausts those who don't have it". Mr Andreotti is now profiting from the political exhaustion of Mr De Mita who abandoned his attempt to form a second coalition last Thursday.

His decline began at the Christian Democrat Congress in February when he lost the party leadership to a majority in favour of Mr Arnaldo Forlani. This majority, of which Mr Andreotti was a part, will complete its victory when it pockets the premiership.

As one of the most cynical in a nation of cynics, Mr Andreotti will not have been greatly surprised to find that the issues of principle which

blocked Mr De Mita's path are now melting in front of him.

Above all, Mr Craxi is softening his demands for a public repudiation by the Republicans and Liberals of their attempt to form an alliance with the Badicals, led by the violently anti-Craxi Mr Marco

As a firm believer that nothing changes fundamentally in Italian politics, Mr Audreotti will see little risk in clinching his prize by offering Mr Craxi the possibility of changes such as a new electoral law or con-sultative referenda.

As a people both tolerant and contemptuous of their politicians, Italians will not be amazed that it has taken 50 days to arrive at a prime ministerial nominee who was always likely to succeed Mr De

EC reports progress in talks with **US over financial aid for Airbus**

By William Dullforce in Geneva

THE DISPUTE between the US and the European Community over government subsidies to Airbus Industrie, the fournation European airliner manufacturing consortium, appears to have entered a calmer phase in two days of talks in Geneva. EC officials reported that "reasonable progress" had been made on two key issues and that, in contrast to earlier tense meetings, the atmo-sphere had been "excellent". The US was taking a more realistic approach to the possi-bility of obtaining commit-ments from the four European governments to abandon all financial backing for the devel-

bus aircraft, while the Europeans were considering limits on the types of aid to civil aircraft

Some movement had also been made towards an agree-ment restricting the inducements governments can offer airlines to buy aircraft from their national manufacturers. But, EC officials stressed although the two teams had tackled for the first time the substance of the issues listed by their trade ministers as far back as December 1987, the discretization bed cussion had not gone beyond generalities. Officials will meet again in Washington in September.

The US complaint that the

West German government was violating the General Agreement on Tariffs and Trade by subsidising Daimler-Benz's purchase of a majority holding in Messerschmitt-Bolkow-Blohm was not mised in the

space and Casa of Spain.

A major factor in cooling the dispute has been the flood of orders for new aircraft to Boeing and McDonnell Douglas. The US manufacturers have lifted, at least temporarily,

Blohm was not raised in the latest round of talks. MBB holds Germany's 37.9 per cent stake in Airbus. The other shareholders are Aerospatiale of France, British Aero-

their pressure on their administration to take trade action.

Zhivkov's son wins promotion

By Judy Dempsey in Vienna

THE Bulgarian Communist Party has nominated Mr Vladimir Zhivkov, the 36-year-old son of President Todor Zhiv-kov, the party leader, to head the new department of Culture in the central committee.
This is the first major party
post for Mr Zhivkov, whose

appointment may serve as a warning to intellectuals that they should curb their liberal Mr Zhivkov had been expec-

ted to become Minister of Cul-ture after the sacking last year of Mr Stoyan Mihailov, the liberal-minded academic who supported more media glasnost. But last week, during a meeting of the politiburo and State Council, the ministry was disbanded, perhaps because of disagreements over who should head it. It was merged instead with a new National Council for Education, Science and Culture. It is thought that several

writers and even some mem-bers of the politburo had opposed Mr Zhivkov's promo-tion, perhaps because his social activities are better known than his intellectual This is in contrast to his late

sister, Lyudmilla, who played a prominent role in asserting Bulgaria's cultural and national identity during the 1970s. She was often regarded as a potential successor to her father until her death after a serious illness in 1981. Since then, Mr Zhivkov has

given greater public promi-nence to his grand-daughter, Yevgenya.

The polithuro has also set up a department for the mass media which will be headed by Mr Gencho Arabadzhiev, a senior and somewhat uncompromising editor on Petri

senior and somewhat uncom-promising editor on Rabotni-chesko Delo, the party daily.

The changes follow a series of congresses of the writers' and artists' unions, in which intellectuals displayed unprec-edented opposition to their edented opposition to their edenced opposition to their unions' passive leaderships.
Last year, scores of intellectuals broke ranks with the authorities by supporting the independent environmental Ruse committee which had been set up by Mr Georgi Mishev, a prominent writer, among others.

among others.

Despite his expulsion from the central committee and the subsequent sacking of Mr Stefan Prodev, the liberal editor of Narodna Kultura, both were recently voted to the governing body of the writers'

A 1,860km pipeline carrying a mixture of benzine, propane

An electric spark from the Trans-Siberian Railroad trains touched off an explosion and fire, incinerating more than 600 passengers 1,200km southeast of Moscow.

Mr Chernomyrdin told the government daily Izvestia, in an interview published on Saturday, that the pipeline carried 13,500 tons of a total of 17,000 tons of Hungfield as that west.

Mr Chernomyrdin said that because it would not be able to

materialise

By Kevin Brown, Transport

softened.

Brokers said there was little Very Large Crude Carrier (VLCC) activity in the Middle East Gulf, the largest loading area. Most of the business reported was for short-haul destinations.

to have paid New Worldscale terers with more flexibility Mediterranean ports of Sedi Kerir and Ceyhan. The West African market for

Moscow to join Iran

THE Soviet Union and Iran will begin drilling for oil together in the Caspian Sea on August 1, Tass news agency said yesterday, Reuter reports.
The offshore exploration site, 17 miles from the Iranian port

FINANCIAL TIMES, USPS No. 190640, published drills

حكذا من الاعل

OVERSEAS NEWS

'Useless women' claim upsets Japanese voters

By Stefan Wagstyl in Tokyo

A LEADING member of Japan's ruling Liberal Demo-cratic Party has caused a storm in the country's current national election campaign by declaring that "women are use-less in the world of politics".

Mr Hisao Horinouchi, the agriculture minister, also said Mrs Takako Doi, chairman of

the opposition Japan Socialist Party, would not be equal to the job of prime minister because "she is not married and has no children".

Mr Horinouchi was com-menting on recent election victhemany on recent election vic-tories by the Socialist Party, which has many female candi-dates and supporters. Even though Mr Horimouchi subse-quently withdrew his remarks on the orders of LDP leaders, his speech seems certain to anger women voters, who have already deserted the scandal-ridden LDP in large numbers. Speaking on Friday night at a meeting of LDP supporters, Mr Horinouchi said women's main job was to keep house. "It

Iready deserted the scandalidden LDP in large numbers.

Speaking on Friday night at meeting of LDP supporters, for Horinouchi said women's rain job was to keep house. "It is wrong for women to come to be forefront of politics. Mrs. Thatcher, the British prime minister, is an exception, but he has a husband and chilren. Mrs Doi does not and so he will not be able to serve as rrime minister."

Mr Ryutaro Hashimoto, the LDP's secretary general, yesterday tried to reggin the infinity take over the government from the LDP.

But his thunder was stolen by Mr Shin Kanemaru, an LDP elder statesman, who said in a speech that the ruling party should stop choosing its leaders by intra-party negotiation, the time-honoured way. The main job was to keep house. "It is wrong for women to come to the forefront of politics. Mrs Thatcher, the British prime minister, is an exception, but she has a husband and children. Mrs Doi does not and so she will not be able to serve as

ures in Japanese history, Mr Horinouchi added: "A nation will fall when a woman becomes a ruler." About 260 people were at the meeting in a rural constituency in Mie precture in western Japan — a third of them women.

Mr Horinouchi's speech was made on the third day of the campaign for elections to the Diet's upper house, which are to be held on July 23. The LDP is fighting to avoid losing its overall majority for the first time in more than 30 years. LDP leaders ordered Mr Hor-inouchi to withdraw his remarks. He did so half-heart-

edly at a press conference in western Japan, saying he had not meant to attack Mrs Doi personally. Later in Tokyo, Mr Horinouchi apologised unre-

Mr Ryutaro Hashimoto, the

selection of Mr Sousuke Uno, the current prime minister, had been strongly criticised, he said. The next leader should instead be elected in a poll of

party Diet members.

Mr Kanemarn's comments
were widely interpreted as a
barely-veiled attack on Mr Uno, who was chosen because he was one of the few party leaders not to have been involved in the Recruit scandal but when he circuit scandal but who has since been dragged into a sex scandal.

• Meanwhile, adding to the general air of uncertainty, 21 people suffered minor injuries when two earthquakes yesterday struck the Izu peninsula, a tourist area west of Tokyo. The two earthquakes, measuring 5.5 and 5.3 on the Richter scale,

came within a minute of each other at 11.10am. Buildings, walls and roads were damaged. The injuries were mostly caused by falling furniture and household

Izu, an earthquake-prone dis-trict, has been regularly hit by spates of thousands of barelyperceptible earthquakes, stud-ded with larger ones. In the latest outbreak, there have been 19,000 earthquakes since June 80, of which 342 have been severe enough to be felt

Botha makes his bid for the history books

Anthony Robinson on the 'unthinkable' Tuynhuis tea-party with Nelson Mandela

OR months now it has been increasingly clear that the increasingly clear that the rehabilitation of Mr Nelson Mandela and other black nationalists incarcerated since the early 1960s was mainly a question of time and circumstance.
But last week's unexpected interven-

tion by President P W Botha could complicate a complex and delicate exercise designed to set in train talks between the South African government and a cross-section of black leaders. The conventional wisdom was that

the conventional wiscom was that the process would begin in earnest only after the September 6 general elections. The ruling National Party, under Mr F W de Klerk, its new leader, is facing a tough challenge from both right and left. Anxious not to alienate any poten-

left. Anxious not to alienate any potential voters by dramatic pre-poll initiatives likely to stir up controversy, the party seemed unlikely to make any move until they were safely back in power – or so the argument went.

Had President P W Botha not suffered a mild stroke last January, and were he still the man leading his party into these elections, there is little doubt that the conventional wisdom would have the conventional wisdom would have proved correct.

But Mr Botha now exercises his enormous presidential powers without the party responsibilities which used to go with them. He misses no opportunity to undermine the prestige of Mr de Klerk, and has made abundantly clear that he intends to use his remaining months in power to enhance his own standing in

ironically, the man who only two years ago destroyed the "liberal" Pro-gressive Federal Party at the May 1987 general elections by accusing them of

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being soft on the "terroristic and com-munist-inspired" African National Con-gress (ANC), and who hounded businessmen, academics and politicians who dared to visit the exiled organisawho dared to visit the earls organisa-tion, is now the man who has invited Mr Mandela, the long-imprisoned "trai-tor" and "terrorist", for tea at Tuyn-huis, the Cape Town seat of the presi-dency. The gesture is an extraordinary personal and political voite-face for Mr Botha, with as yet uncalculable consequences for the forthcoming elections.

Looking beyond the personal factor, however, the historic Tuynhuis teaparty, unthinkable even a year ago, fits comfortably into the broader pattern of

comfortably into the broader pattern of negotiation and reconciliation unfolding in southern Africa, a pattern as potentially significant for the continent of Africa as Soviet glasnost and perestroika is for Europe and Asia.

Significantly, Mr Botha's tea-party upstaged another significant development this weekend. This was an announcement that the presidents of the four most important black political and trade union organisations would and trade union organisations would meet on neutral ground later this month. The first aim of the talks is to end over three years' violence in Natal, but the gathering will also seek to cre-ate a possible united front in future power-sharing negotiations with the white minority government.

Several rounds of talks to seek an end to the Natal bloodshed have already

been held by representatives of Inkatha the Zuln movement led by Chief Buthe-lezi, the United Democratic Front (UDF), the anti-apartheid coalition, and the Congress of South African Trade Unions (Cosatu).

The next stage will be the direct involvement of the ANC for the first time at a meeting, tentatively scheduled for London. This should bring together Chief Buthelezi and Mr Oliver Tambo, the ANC leader in exile, who have been enemies since 1979.

Neither the date nor the "neutral" venue for the proposed meeting has been fixed. But at the annual congress of Inkatha at Ulundi over the weekend, Chief Buthelezi referred to a draft document prepared for discussion.

lthough he could give no details until the document had been approved by the ANC. Chief Buthelezi said: "I can see future historians tracing a whole new political era, and in fact the final collapse of apartheid, to this very document and to the united action it has made possible."

The first sign of an impending rapprochement between Inkatha and the ANC came through a personal letter sent by Mr Mandela to Chief Buthelezi in April. The jailed ANC leader, who will turn 72 on July 18, called for a joint lthough he could give no details until the document had been

will turn 72 on July 18, called for a joint "restoration of the Natal slaughter and "restoration of the cordial relations which existed between you and Oliver Tambo and between the two organisa-

tions in the seventies".

These efforts by black leaders to heal the domestic rifts in the black body politic, exacerbated by decades of apart-heid divide-and-rule policies, reflect the upheavals in South Africa's external environment over the last 12 months. After years of war, South African troops have pulled out of Angola; the phased withdrawal of 50,000 Cuban troops is under way; UN-monitored

Namibian independence process is back on schedule; reconciliation talks are being held between the MPLA government and Unita rebels in Angola, and between the Frelimo government and Repamo rebels in Mozambique. For white South Africans in general.

and the ruling National Party in particular, the withdrawal of 50,000 heavilyarmed Cubans, coupled with the closure of ANC and Swapo bases in Angola, represents a lifting of the sense of encirclement and "total onslaught" which was used to legitimise domestic repres-

sion for decades.

The new generation of National Party leaders, relieved of the former military pressure and anxious to return to international financial and political respectability, recognises that this requires internal reconciliation through powersharing negotiations not only with "tame" blacks, but also with those such

"tame" blacks, but also with those such as Inkatha and the ANC who have a definite following in the country.

The main effect of the Tuynhuis tea party is to change perceptions about the possible time-scale for these negotiations, which will almost certainly be preceded by lengthy "talks about talks". Speculation is now rife that President Botha could well order the release of Mr. Mandels and possibly release of Mr Mandela, and possibly such other jalled leaders as Mr Walter Sisulu and Mr Ahmed Kathrada, before he formally hands over the seal of office in the first week of October.

He would certainly go down in his-tory for that. But he would also ensure that his successor, Mr de Klerk, would have to hit the ground running if the expectations now being unleashed were to be realised in an orderly fashion.

Australia, EC at odds on Pacific grouping

AUSTRALIA and the European

Community exchanged strong words on Saturday after the EC asked to be an observer in a proposed group for Pacific

regional co-operation.

Public and private statements by an EC commissioner and officials from Brussels showed serious concern that the participation of the United States and Japan in the group would leave the Community isolated in international trade negotiations as well as in

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actual trading. The Australians said the EC's request was "cheeky." They countered that the group's aim is only to improve the openness of international

The public exchanges follow a closed-door meeting of the two delegations on the last of Brunei between the six foreign ministers of the Association of South-East Asian Nations (Asean) and their counterparts from six industrialised dialogue partners - the other four are the US, Japan, Canada and

Mr Juan Abel Matutes, EC commissioner for North-South relations, warned Asean foreign ministers against turning the planned co-operation "into a caucus for co-ordinating the trade policies of players enjoying a preponderant position in

He told reporters later that because almost half the EC's external trade is with the countries named as a possible core

group for Pacific co-operation the EC could not accept "pre-fabricated decisions" made without EC participation.

Mr Matutes said that if the group forms a collective posi-tion for negotiating in the Uru-guay round of multilateral trade talks, the spirit of the General Agreement on Tariffs and Trade (Gatt) would be vio-

On Friday, Mr Gareth Evans, Australian Foreign and Trade Minister, announced his Government would host an explorprobably in November, to dis-cuss the co-operation proposal. The invited countries would probably be the Asean six, the US, Japan, Canada, New Zealand and South Korea.

The US Secretary of State also urged Asean to join the group but Asean ministers say they want to know more and they expressed a concern that their own organisation would be overshadowed.

After his talks with Mr Matutes on Saturday, Mr Evans said the EC request to be an observer was "a little cheeky" because the EC had spent the previous two days trying to block the establish-ment of what would be a geo-graphical regional group.

He denied that a common stand for the group in the Uru-guay round would violate the spirit of Gatt. The 12 European countries already speak as a single voice in Gatt, he said. Why stick your Share Certificate in the post and hope for the best!

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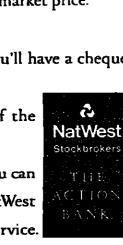
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Sihanouk optimistic over conference on Cambodia

PRINCE Norodom Sihanouk, the Cambodian rebel leader, arrived in Paris yesterday and said he would work for the success of an international peace conference on Cambodia planned later this month, AP

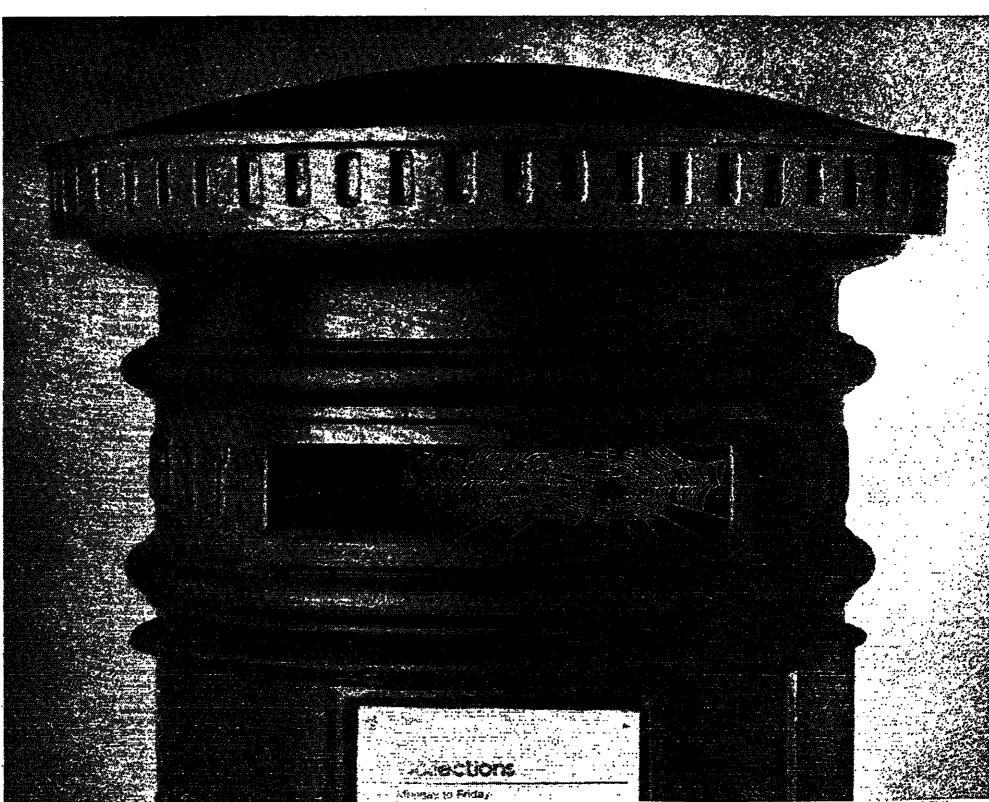
reports from Paris.
"If things go well, there is no reason it should not succeed." Prince Sibanouk said. "It will succeed." Prince Sibanouk, the former Cambodian chief of state, is planning to meet Mr Hun Sen, the Prime Minister in the Vietnamese-backed Gov-ernment, on July 24 in Paris. The next day, the talks are to be expanded to include representatives of the Khmer

international conference is to open under French sponsor ship, including the Cambodian factions, the five permanent members of the UN Security Council, the members of the Association of Southeast Asian Nations, Vietnam and other countries.

The conference will try to establish a comprehensive settlement for Cambodia, but there is no consensus on how to keep the Khmer Rouge from gaining power if allowed to participate in a coalition, or from sustaining a prolonged civil war if kept out.

The Prince said however that China will not accept a bipartite Hun Sen-Sihanouk Rouge and the Khmer People's National Liberation Front.





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Tim Dickson on a US company's plans to sharpen its Euro-business

are sometimes described as the only true pan-European companies. The description reflects the well-tried practices of big, long-established US multinationals. Companies such as Ford have built integrated European production systems run from regional headquarters that have long viewed the continent as a single market. Though such companies are

well placed to benefit from the 1992 process, many are discovering that to take full advantage of it requires a shift in culture and approach. Honeywell Europe, for exam-

ple, has long had a rationalised European production and dis-tribution system, including a single huge warehouse to sup-ply its goods across the region. But since 1987 the process con-trol company has none the less been undertaking a painstak-ing and methodical strategy to meet the challenge of 1992, initiated by Mr Jean Pierre Rosso, Honeywell Europe's chairman.
This effort is directed from a

self-consciously small Euro-pean Community affairs office by Mr Walter Di Pretoro, a company vice-president. The approach has been to mobilise people in the field, first by setting up a task force drawn from all parts of the group's European organisation, then by establishing project teams to ensure staff participation down the line.

"My main conclusion," says Mr Di Pretoro, "is that the European single market is another business variable that the whole organisation has to deal with, like a new technological development, a new marketing methodology or a new competitor.

"I do not think it should be viewed as an isolated phenomenon, which is why we are try-ing to make preparations for 1992 the responsibility of every-

The original decision to take a close look at implications of the Single European Act came soon after the sale of Honeywell's business computer interests to the French com-pany Bull – a move which paved the way for its renewed emphasis on controls and automation, notably in residential and commercial building, industry, aerospace and

Honeywell Europe was established in Europe in 1934, when it set up a sales company in the Netherlands. Today it boasts 14 manufacturing units in six EC member states. It employs 11,000 people throughout Western Europe (90 per cent in the EC) and chalked up sales last year of well over Ecu 1bn. The company does its internal billing in Ecus. According to Mr Di Pretoro, Honeywell's 1992 programme consists of two distinct if over-

The first involved a large internal awareness, education and motivation campaign which is not yet complete and which is not yet complete and which he says can only be con-sidered successful "when peo-ple start looking for the rele-vant information themselves." The vital stage 2 — inspiring

practical changes within the Honeywell organisation — began with detailed analysis by project teams of directives proposed in the Commission's 1985 White Paper. The aim was to define the main issues fac



ing the company, set objectives and priorities, and establish a coherent corporate plan for putting them into action. Eleven potential areas of activity were identified - technical standards (or product harmonisation), research projects, marketing, public pro-curement, transportation, telecommunications, financial and fiscal, business laws, external

tions.
"We had the choice either to create staff in the public affairs unit and broadcast their conclusions throughout the organisation, or to get people throughout the company involved straightaway so that they could then pass on the message to their colleagues," explains Mr Di Pretoro. "We

trade, human resources, and

public affairs and public rela-

chose the latter."

Thus the leader of the technical standards team is director of engineering in West Germany, the managing director of a Belgian affiliate is in charge of spreading the word about public procurement, and external trade issues as they relate to 1992 are handled by the vice president of Honeywell's Nordic activities. All 10 are members of Honeywell's Single European Market Co-ordination Council, which meets once a month to
pass on ideas and ensure that
In marketing, meanwhile,
Honeywell is considering the

each is informed about what the others are doing.

The council's main task so far has been to decide on prior-

itles — a process which began with identification by project leaders of 37 "sub-issues" and their individual weighting on the basis of three simple tests. "We took three factors into account," explains Mr Di Pre-toro, "the potential impact of the issue on our own company; the probability that the issue would have an impact on

noneywell (would the relevant directive or regulation be implemented?); and the likely timing of its introduction. Each was given a mark from one to five, with five the most important and one the least Honeywell (would the relevant important, and at the end of this the three numbers were multiplied together."

The European single market is another business variable, like a new competitor or a new technological development'

While Mr Di Pretoro notes that "the potential impact on our company was a vitally portant part of the exercise it is interesting to note that acquisitions and alliances, reduction of inventories, and retention and acquisition of people were the only three

Distribution and pricing, improvement of deliveries and European corporate identity were among a group given 80, while options for tax reductions and public procurement/ defence came bottom of the list with 16 and 6 respectively.
In what ways has Honeywell already responded to the EC's single market programme? On the research side, the

group has made a conscious decision to seek participation in EC research programmes like Brite, Esprit and Comett. (In Esprit it is one of the partners in a new home of the future project.)
"The main reason," stresses

Mr Di Pretoro, "is not the money. A desire to network with other companies, the opportunity to identify market-ing trends at the pre-competitive research stage, and our eagerness to be seen as a good European corporate citizen are more powerful incentives than

implications of the dismantling of barriers on distribution and

"We want to be sure that our products are available at the same price. Otherwise dealers will shop around," explains Mr Di_Pretoro.

The company encountered the case of a Dutch customer who merged with a French dis-tributor. They found they were buying the same products from Honeywell - gas valves that control boiler emissions - at different prices. Honeywell had to cut its price to the French company, losing profits in the

"If we had known, we would have been in a position to explain or take avolding action ourselves, because there are often objective reasons such as different tax rates for these dis-crepancies. We are now engaged in a cross-examination of our European pricing, but with 20,000 families of products it is obviously an ongoing pro-

cess and will take time."

Honeywell is taking a close look at its sales territories. At the moment they are organised on the basis of political boundaries. In future they are likely to be more closely defined by market need. (France and Bel-gium, for example, have already been merged, with one manager for both.)

The recent upsurge of political interest in local content has been noted within the company. "We make 80 per cent of what we sell in Europe," says Mr Di Pretoro, "but for some products we obviously buy in nponents. We want to make sure that in all cases the European percentage is above 50 per cent. . . We have so far found a list of about 15 product families that could be described as suspect."

As for transport - seen by senior management as "inven-tory on wheels" - Honeywell's studies show that stocks can be reduced by 30 per cent with an overall saving of \$50m in financing costs alone.

"We reckon we can eventually go from using our present 280 carriers to no more than 20," says Mr Di Pretoro. There will be less difficulty

crossing frontiers, so the carri-ers will take less time, and the rules that force us and other companies to use local firms will ultimately go. Also the current waste that comes from current waste that comes from lorries not being able to pick up loads on their return jour-ney should be removed as a result of the proposals being drawn up by the Commission. We will be able to carry more volume at lower prices."

UK NEWS

Study by Bank of cushion against Third World debt By Stephen Fidler, Euromarkets Correspondent

THE BANK of England is reviewing the complicated credit scoring system used as a guide for provisions British banks should make to cushion against possible losses on loans to problem debtor countries.

retailing industries are spending millions of pounds a year replacing missing and stolen packaging — from shipping containers at the larger end of the scale to beer casks, bread baskets and milk bottles in the The review of the so-called matrix, which has been essen-tially unaltered in the two years since it was introduced, is likely to increase expecta-tions that British banks will Increasing concern in the shipping industry has led the International Maritime Bureau to send an officer to have to make higher Third World debt provisions.

Africa to investigate the disap-pearance of containers. It has been unable to discover how many containers have gone missing from the world total of 4.7m 20ft units in circulation in 1987.

Industries

count cost

of missing

containers

THE manufacturing and

By Richard Donkin

According to Mr Kenneth Luck, assistant director of the IMB, the containers, which cost about \$3,000 (£1,840) each, are often retained on delivery of goods by importers who "forget" to return them or claim them with the goods. Others are stolen, often with their contents, and sold on for storage or, with the addition of a window or two, for make-

One of the main problems in the domestic packaging market is the theft of steel and aluminium beer casks and kegs which is costing the

brewing industry £20m a year. Kegs have been sawn in half to make garden seats and have been found doubling up as vachting buovs. Smelting down the kegs, which sell for between 250 and

£150, has attracted organised crime which is believed to have taken most of the 250,000 kegs missing each year from the 10m in circulation.

the 10m in circulation.

A £10,000 industry reward for information leading to the conviction of keg thieves and the employment of a security company led to the recovery of 12,000 kegs in six months to the end of March. The black market in plastic

bread baskets is costing the large bakeries between £5m and figure a year, according to the Federation of Bakers. It said that last year its members lost more than 1m baskets, over half the retail stock. The federation blames the

losses on small bakers' shops "borrowing" baskets for their own use, or throwing them away, and on theft by traders who grind them up and sell the plastic for recycling. In the pallet trade there is a

black market in used pallets. The number of pallets that go missing every year is not known but probably runs into

Some lorry drivers sell pallets to street traders who will pay about £1.60 each for a pal-let which costs about £7 new. which costs about £7 new. The trader then sells the pallet hack to a retailer who is probably losing pallets from the "lorry trade" in the first place. Recycling receptacles has kept one company in legiti-mate business for years. The dairies set up a joint company, Milk Vessels Recovery, as far back as 1919 to return the pile

of the rail strike after the First World War. The company, which now has seven depots nationwide, returns about 45m milk bottles a year to their home

of Welsh milk churns that

built up in Hyde Park becaus

But the dairy industry in England and Wales still has to replace about 600m milk bot-tles a year at about 6p each from the manufacturers.

While a revised matrix does not necessarily imply higher provisions, Bank of England officials have made no secret of their belief that, while up until now the level of UK bank provisions has been adequate, the balance of probability suggests

lish higher provisions against developing country loans. The matrix uses a variety of tests - such as whether a borrower is current on interest or whether a country has an International Monetary Fund programme – to establish a

that banks will have to estab-

credit score used as a guide for provisioning. The Inland Revenue also uses the matrix as a guide for what provisions should be allowed against tax. In broad terms, UK clearing banks have made roughly 35 per cent provisions against their Third World loans, but their exposure is widely varied. Midland, Lloyds and Standard Chartered are considered the three big UK banks likely to be hurt most by big provisions.

In the last two years, the creditworthiness of many third world borrowers has fallen.

Argentina, which owes \$35bn (£21.5bn) to commercial banks, has paid only about \$100m of interest since April last year and is more than \$3bn in arrears on interest.

Ecuador is two years' behind on payments on its \$6bn of debt to banks, although it made a \$15m payment last month, while Peru has not paid banks since 1985 on \$5bn of debt. Venezuela, which owes more than \$25hn to creditor banks, is more than 90 days behind on interest and has delayed repaying some letters Of the large Latin American

the large Laun American borrowers, only Brazil, Mexico, Colombia and Chile are roughly current on repayments to banks.

Brazil declared last week that it would delay account.

that it would delay some payments to creditors in a bid to replenish its foreign reserves. But bankers said on Friday that they had received interest payments on some medium-term Brazilian debt, supporting the Brazilian Government's assertion that it did not intend

any debt moratorium.

Mexico's 15 leading bank creditors appeared to be settling for a financing package offering the option of debt principal or interest reduction of an average 35 per cent in nego-tiations last week with Mexico. that are expected to flesh out the US debt initiative launched in March. However, Lloyds has been one bank arguing vocifer-ously against such deep dis-

Lucas Automotive will increase production of anti-skid brakes

By John Griffiths

LUCAS Automotive, the vehicle components division of Lucas Industries, is planning a more than five-fold increase in its capacity to produce anti-akid braking systems for cars. The move will bring expansion to plants both in Britain and on the Continent.

Investments to raise annual output of such systems from the current 80,000 units a year to 500,000 annually are planned in two stages, over the next four years, at Lucas Automo-tive's Kenfig Hill plant in South Wales and at a continental site, probably in France or Spain.

Mr Bob Dale, managing director of Lucas Automotive, declined to comment on the precise amounts of the planned He indicated that the money

would be spent mainly on sophisticated production equip-ment which would be unlikely to create significant additional

It is not yet decided how pro-

duction will be allocated. Currently, the Welsh facility produces 20,000 units a year, but the majority, 60,000 a year, are produced at a Lucas plant at Koblenz in West Germany. However, soaring costs of man-ufacturing in West Germany make it unlikely that further significant investment in such systems will be made at Kob-Lucas, in common with

rivals such as Robert Bosch and Alfred Teves of West Ger-many, regards braking systems as potentially one of the most valuable automotive component sectors over the coming

That is partly because the systems themselves are on the brink of becoming much more sophisticated, offering the prospect of higher values and prof-

its per unit.

Systems of the future, according to Mr Dale, will prevent skidding under acceleration as well as braking, and will be integrated with other

electronic components in the car to become a complete Such are the perceived safety benefits of anti-skid systems that the companies elieve there is a possibility they will become a legal

requirement on cars.

Mr Dale made it clear that these developments are already signalling the end of the cheap. mechanically-based anti-skid "stop control system," which Ford and Lucas jointly pio-neered on the Ford Escort range three years ago.
The stop control system is

being made available on Ford's recently-launched new Fiesta range, but will disappear from the Escort range when the current model is replaced in about

a year.

The replacement car will be fitted with an electronicallycontrolled system, expected to be similar to a system which has been developed by Lucas for installation on Fiat's Tipo

ITV 'to hold advertising revenue'

fallen from almost 90 per cent

to almost 60 per cent and the

THE ITV companies should maintain a dominant share of advertising revenue to the end of the century even though competing channels will eat into their audience share, a

new study predicts. The study, to be published later this summer, has been undertaken by Mr Stephen Buck, group director of research at AGB Research, the audience measurement company. It concludes that satellite and cable channels are unlikely to segment the market and attract specialist advertising to any significant extent.

Mr Buck has looked at the US experience with multi-channel television to try to predict what will happen in the UK when a much greater choice of

channels is available to the consumer. Since 1970, the audience share of the three US networks

- NBC, ABC and CBS - has

trend is still downwards. Yet over the same period, the net-works' share of national advertising revenues has fallen only from 60 per cent to 50 per cent. Although the share of reve-nue has declined, the actual amount has increased significantly in real terms; for example from \$5.1bn in 1980, to \$6.5bn last year at constant

The evidence from the US, where the average household can receive 22 television channels, suggests that television seems to work in a completely different way from magazines. With the exception of those channels which are aimed at ethnic minorities, US cable channels with low household penetration are watched less in

the households which receive

them than are the major chan-

"It does not appear possible in practice to appeal heavily to a small population subgroup or conversely to provide the kind of programming that reaches everyone but very lightly in terms of viewing," Mr Buck

The AGB research director thinks it unlikely that the ITV or Channel 3 companies, as they will become, will jointly take a lower share of revenue in the year 2000 than the American networks do now. "Since the US networks earned all-time record real rev-

enues in 1988, that cannot be bad news for ITV," Mr Buck Such an analysis could help stimulate increased interest in strategic stake-building or friendly acquisitions in ITV companies in advance of the competitive tendering process

for the next round of commer-

cial broadcasting licences.

Meeting small brokers' objections

Barry Riley on sub-contracting London equity market transactions THE COMMITTEE develsays Taurus promises to

oping Taurus, the pro-posed paperless settle-ment system for London equity market transactions, is now planning to authorise a new type of independent processing sub-contractor to overcome the objections of certain small stockbroking firms to the new "dematerialised" arrange-

The proposal is being made in the context of urgent moves to get the long-stalled Taurus programme off the ground by the end of next year. Last week, for example, the Stock Exchange made an unprecedented offer to cede a majority stake in an electronic clearing house to outside banks and other financial institutions. Under the sub-contracting

scheme, small companies will be able to work in conjunction with independent or bulk
"direct account operating controllers" (DAOCs) and avoid
having to cope with advanced
technology and new administrative bursters trative burdens. Brokers will be able to opt to become DAOCs themselves,

and most large companies will in practice do so. But some all firms have objected that they do not have sufficient capital or technological resources to take on the responsibility.

At the same time, they have been reluctant to sub-contract the administration of client accounts to the banks, for fear

ing of business.
Some small brokers have represented the Taurus plans as being an attempt by the big battalions to increase their domination of the securities

According to Mr Ross Find-lay, a leading Scottish private client broker. Who is an a Trant broker, who is on a Tau-

Mr Findlay is convinced that the latest version of the Taurus system will benefit even pri-vate client brokers. "It must ultimately help the private cli-

ment staff in recent quiet con-

kers Robert White, part of the Hill Samuel group, Mr Findlay

kers by 40 per cent. It will also diminish the settlement risk arising from the mismatching of bargains, while the ability to cut the delay in settlement from the current three weeks or more to only five days will serve to reduce working capi-tal. In addition, client portfolio records will be more accurate than they are now, because they will no longer rely on possibly faulty or incomplete information supplied by the cli-

Small broking firms are urged to set up client nominee systems as a first step towards linking into Taurus. Various systems are now available from software houses to enable this to be tackled relatively simply and

cheaply.

Many broking firms already have such nominee systems, which can fairly easily be upgraded into DAOCs, although at additional expense. However, where they are unable or unwilling to do so, large organisations, such as Lloyds and National Westminster Banks. are now thought to ster Banks, are now thought to be ready to establish bulk DAOC facilities.

Another operator considering whether to set up independent DAOC facilities is Security Settlements, a small specialist firm handling settle-

ment for various broking firms. But according to its chief executive, Mr Stephen reduce dealing costs for bro-Pinner, the promoters of Taurus have to overcome the dis-belief which market professionals have attached to the proposals in the past couple of

Meanwhile, Mr Findlay is pressing for action. "We are pro-Taurus at Robert White," he says. "Certainly there is a lot of

work to be done. But we would like them to keep to a good timescale rather than dragging A possible target for initial implementation is the date of payment of the final call on the

Electricity issue in the spring of 1992. This is the point at which either conventional share certificates will have to be issued or, alternatively, shareholdings will go on to an electronic register. Taurus will initially apply in

a comprehensive way only to new issues. For other shares, holdings will be dematerialised after transactions, but not

Institutional shareholders. however, will be able to have their own accounts on SEPON. the central Stock Exchange nominee system. What will eventually happen

to the certificated shares of private investors who hold them for years without dealing has yet to be decided.

Brazil to explain cash curbs

By Ivo Dawnay

in Rio de Janeiro BRAZIL WILL today begin a new diplomatic initiative aimed at minimising the adverse impact of its move last week to introduce restrictions on the outflow of foreign capital to protect its foreign

Mr Marcilio Marques Moreira, ambassador to the US, arrives back in Washington after consultations in Brasilia with orders to explain the decision as a protective mea-sure aimed at stabilising the economy before November's presidential election.

A week ago Brazil intro-duced new rules requiring prior central bank authorisa-tion for all exports of foreign exchange, including remit-tances of companies' profits It followed the move by announcing that interest pay-ments falling due on its \$112.5hn (270bn) commercial bank debt could be delayed,

foreign reserves - believed to stand at about \$5bn. But the non-payment of a tranche of interest due to the Paris Club group of sovereign creditors was ascribed to tech-nical problems.

depending on the state of its

Mr Moreira told the Financial Times at the weekend that Brazil still hoped the IMF might agree to overlook missed targets on cutting its public sector deficit.

However, most commenta-tors believe the IMF will not grant a waiver that would allow relief of a further \$800m in bank funds and additional institutional loans. Without a waiver, Brazil will almost certainly not meet a \$2.33bn interest payment

due to banks in September. The ambassador's main task now is to persuade creditors to give Brazil breathing space to complete its transition to He will point to several positive recent economic indica-tors, including a healthy trade surplus, rising industrial out-put and falling unemployment. Foreign creditors, however, are likely to express continu-

ing concern over rising infla-

tion, now 25 per cent a month, and a public sector deficit

expected to exceed four per

cent of gross domestic product at the year end - at least two

points above the IMF target.

Menem pledges 'major surgery' ment could slap on a compul-

cent of its value against the US

THE NEW government of President Carlos Saul Menem, promising "major surgery, without anaesthetic", was to announce harsh austerity measures last night to combat Argentina's worst ever economic crisis, Reuter reports from Buenos Aires.

The tough-talking Mr Menem, sworn in on Saturday, said in his inaugural speech to Congress: "We're going to pul-verise this crisis. [Argentina] will undergo a tough, costly and severe adjustment." Arriving at Government House yesterday morning, he told reporters that to cure the

country's ills, "We should con-

duct major surgery without anaesthetic." The new Economy Minister, Mr Miguel Roig, was due to present the plan in a televised announcement last night. Senior Peronist Party members said the measures would include massive increases in public utility rates, a six-fold rise in petrol prices and a 50

dollar this year. Mr Menem's predecessor, Mr Ratil Alfonsin, left a legacy of 100 per cent monthly inflation, stagnating industry, rising unemployment and a crushing \$60bn foreign debt on which

Argentina has made no payments for 15 months. "The Argentine economy has a noose around its neck, there is no more time to hesitate," Mr Menem said in his 52-minute speech to Congress. The flamboyant former gov-ernor of an impoverished

northwestern province, who led his Peronists to a landslide victory over the ruling Radicals in May 14 elections, gave no details of his plan, although he promised to crack down on speculation and corruption of public officials.

The Peronist sources said Mr Roig, a former executive of Argentine multinational Bunge y Born, was seeking last-min-ute support from industrial leaders for a pact to hold prices for the next four months. But they said if no agree-

sory price freeze. Prices stampeded further in the days preceding the

handover of power - the first from one elected president to another in 61 years - as factories and traders hedged against expected price controls. The economic crisis, described by Mr Menem as the

worst in Argentine history, boiled into violence in May in bloody food riots that killed 15 people and injured hundreds. Political and labour leaders have warned of more upheaval if he fails to bring quick relief for the 8m Argentines living below the poverty line.

Mr Menem has promised a sharp increase in the minimum wage which, at the equivalent of \$36 a month, barely covers a poor family's food bill in a country once known as the breadbasket of the world. Mr Menem has surprised both opponents and supporters with his tough talk on the

economy and the appointment of businessmen and political

per cent devaluation of the bat-tered Austral currency, which has already lost over 95 per opponents to top economic jobs. ment was reached, the govern-Mexican election result awaited

By Lucy Conger in Morelia, Mexico

POLITICAL passions mounted in Michoacan state at the weekend shead of the disclosure of official results that are meant to resolve the outcome of the first serious electoral contest between Mexico's second-strongest party, the newly formed Party of the Democratic Revolution (PRD), and the long-ruling Institutional Revolutionary Party (PRI).

Both parties claim to have won a majority of 18 state con-gressional seats contended for in the July 2 ballot, and each accuses its opponents of elec-tion irregularities, including vote-tampering and theft of ballot boxes. The two leading opposition parties mobilised supporters for the elections in Michoacan

and Baja California, to prevent the vote fraud common in Mexican elections for decades. They are a hig test of President Carlos Salinas de Gortari's ability to uphold his oft-repeated commitment to ensure fraud-free elections and move the country towards genuine democracy.

More than 40,000 PRD sym-pathisers marched through the

streets of Morelia, Michoacan's

capital, on Saturday to press the PRI-run government to

recognise the party's victories. Earlier in the week, the PRI acknowledged the victory of the right-wing National Action Party in the governor's race in the northern Baja California state, the first time in 60 years the ruling party has conceded a governorship to an opposition candidate Mr Cuauhtémoc Cárdenas,

the PRD's national leader, challenged the government to run a clean vote-count by open-ing ballot packets to public The final vote count was being conducted yesterday under the gaze of army troops, with ballot boxes and tally

sheets from polling places opened and the election results due to be verified at 18 District Electoral Commission offices. Riot police stood guard outside the Morelia Sur District Electoral Commission. Across the street, more than 30 PRD sympathisers from Morelia and environs stood vigil in an effort to prevent tampering with ballot boxes.

Noting that leading PRD militants in Michoacan are recent

defectors from the PRI, some

observers feel both parties are equally capable of altering the vote count. The PRI has con-

ceded PRD victories in four Michoacan congressional dis-tricts, but its claims that it holds "consolidated victories" in 11 districts seem to indicate that conceding a majority of seats to PRD is a political impossibility.
The electoral dispute for the

Michoscan state congress has bitter undertones. The PRI lost Michoscan to Mr Cárdenas, the state's favourite son, in the July 1988 presidential elec-July 1988 presidential elec-tions. He now has a national following and, in less than a year, catapulted his fledgling four-party coalition, which later became the PRD, into the nation's second strongest elec-toral force.

toral force.

Many PRI militants feel betrayed by senior PRD leaders who defected from the PRI, in a protest over non-democratic practices, to form the new party. PRI does not consider PRD a "loyal opposition" party like the PAN, which is ideolog-ically distinct from PRI and has regional strongholds, particularly in industrialised, northern Mexico, but has not taken root nationwide. PRD and PRI both claim to embody the ideals of the 1910 Mexican Revolution, which gave rise to

the PRI regime.

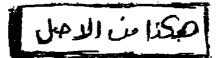
that once the banks acquire details of their clients there will be the possibility of poach-

industry. They have feared that in order to cope with the new responsibilities in connec-tion with Taurus, they would have to increase their charges and possibly become uncom-

rus joint working party of the Scottish unit of the Stock Exchange: "In the initial stages these fears were perhaps justi-fied. They are not justified

ent that we can bring down the bargain cost," he says. He warns that the existing system will clog up badly again should a boom in business volumes, such as was seen in 1987. recur. The potential for disruption has been increased by the losses of experienced settle-

A director of Edinburgh bro-



UK NEWS

Industry complains about British Gas's tariff policy

allow customers to choose

whether they want to pay extra for guaranteed supplies

or are prepared to tolerate

some interruption of supply in exchange for a lower price.

Previously British Gas had exercised discretion as to

whether it would supply cus-tomers with cheaper interrup-tible gas. It had often sought

By Max Wilkinson, Resources Editor

THE OFFICE of Gas Supply, the industry watchdog, is being urged to take further action following allegations that British Gas is continuing to abuse its monopoly in the industrial market.

The complaints have been made by the Energy Intensive Users Group, which represents the largest customers in eight industrial sectors. They say British Gas intends to cut not strictly necessary, to encourage them to switch to higher tariffs required for guaranteed suppl

REST

Ofgas is said to be putting pressure on British Gas to rethink its position and not cut off customers unless there is a shortage of supplies. The larger customers have

told Lord Young, Trade and Industry Secretary, that Brit-ish Gas is seeking to evade the spirit of a recent Monopolies and Mergers Commission find-ing. This said the company must publish a schedule of industrial tariffs and must

guarantees from a customer that it had the capability of switching to alternative fuels before it would grant an "Interruptible" supply. However, Mr James McKinnon, director general of Ofgas, argued that it was none of British Gas's business to enquire about alternative facilities at a customer's premises. The monopolies commission endorsed this view, ruling that British Gas must cease to dis-

criminate between different customers wanting interruptible supplies. Now, the users' group has told Lord Young that British from taking the cheaper "inter-ruptible" contracts. It says the corporation is insisting that customers with "interruptible" contracts will be cut off for periods of up to

21 days. Many industrial users believe this is contrary to the logic of interruptible contracts. which were originally designed to give utilities flexibility during peak demand, allowing them to economise on peak load capacity. British Gas has confirmed it

British Gas has confirmed it intends to interrupt supplies to this class of customer, even when there is no gas shortage. Ofgas and the monopolies commission are both considering the complaint. Although Ofgas would say only that it was looking into the facts, Mr McKinnon is thought to be

McKinnon is thought to be sympathetic to the arguments of industry on this subject. The Energy Intensive Users Group represents companies in the cement, ceramics, glass, steel, artificial fibres, paper and board, chemical and non-ferrous metals industries.

Computing centre in £1.8m expansion deal

By lan Hamilton Fazey, Northern Correspondent

THE NATIONAL Computing Centre has signed a land leasing contract with Manchester City Council to extend its headquarters, in a £1.8m expansion that should create about 100 technology jobs. Mr John Aris, NCC director,

reaffirmed last week the cen-tre's commitment to Manches ter as its headquarters, in spite of growth at its London office. Annual staff turnover in London is about one in three in pared with the centre's Manchester experience of one in eight because of a more stable environment, better quality of life and cheaper cost of living. NCC has regional offices in Birmingham, Belfast, Bristol and Glasgow, already employ-ing 500 people. It used to receive Government support, but now survives entirely from private sector and government fees and from subscriptions.

Observer returns to fray with owners of Harrods

By Raymond Snoddy

THE Observer yesterday returned to the issue of Harrods, only days after its inde-pendent directors warned that the newspaper's reputation was being tarnished by its extensive coverage of the

One independent director, who asked not to be named, expressed "great surprise" at the newspaper's resumption of

The Observer led its front page with a report alleging that the Fayed family – own-ers of the House of Fraser, the retail group that includes Harrods - were negotiating a deal with the Inland Revenue over mon-payment of taxes. Mr Michael Cole, spokesman for the Fayed group, said the story was part of an "unprecedented four-year campaign of vilifica-tion by the Observer. Mr Cole added: "We have

three libel actions against the Observer and there is every possibility that a fourth will

He described the story as "masterpiece of innuendo with very little in the way of facts." Mr Mohamed Fayed was quoted in the Sunday Tele-graph as denying the allega-

In its report the Observer said it was threatened with an injunction by Mr Michael Chance, deputy director of the Serious Fraud Office if the paper published confidential correspondence between gov-ernment departments. The injunction threat was removed when the paper gave assur-ances it would not do so. The Observer story came

less than two weeks after the paper's independent directors looked into allegations that stories on Middle East arms deals had been written at the behest of Lonrho, the company which owns the Observer.
The independent directors found there was nothing to

Institutions predict soft landing for economy

By Michael Prowse

THE ECONOMY WILL experience a "soft landing" next year, the UK's leading next year, the UA's leading economic forecasters say.

An average of the latest forecasts from 22 institutions

— 11 City and 11 non-City — compiled by the Treasury, shows growth of gross domestic product slowing from 2.5 per cent next year to 2.3 per cent next year.

per cent this year to 2.3 per cent next year.

This marginal slowdown is accompanied by a projected decline in inflation from 6.1 per cent to 5 per cent between the fourth quarters of this year and next year. The carrent account deficit is expected to decline from £15.7hn this year to £13.6m next. Unemployment rises slightly - from 1.78m in the fourth quarter of 1.78m in the fourth quarter of this year to 1.86m in the same period next year.

The City forecasters are slightly more optimistic on their non-City counterparts— anticipating GDP growth of 2.4 per cent and inflation of 4.9 per cent next year. The average of the non-City fore-casts shows growth of 2.2 per cent and inflation of 5.1 per

The non-City forecasters are less bearish about unemploy-ment, however. They expect dole queues to average 1.80m during the last quarter of next year – the city economists project unemployment of

Both groups project a mod-est decline in the current account deficit to £13.6bn next year. The City economists expect a slight decline in the Chancellor's budget surplus to £15.8bn next year, while the non-City forecasters anticipate a slight increase to £16.2bn.

Share option limit to rise from September THE AMOUNT which employees can save in company share option schemes is to be raised by £50 a month from September 1, the Treasury has amounced.

The Chancellor said in his Budget speech in March that it was planned to raise the limit

King's Cross scheme moves a step further

CAMDEN Borough Council this weekend moved a stage further towards defining the kind of planning permission it is prepared to grant for Europe's biggest inner-city development at King's Cross in north London.

It held its second formal consultation with local residents and interest groups about a planning application lodged by London Regeneration Consor-tium for a £2bn development of 9.44m square feet of commercial and residential space on

134 acres. The consultation is a form of pressure on the consortium to change its plan, which is heavily weighted towards the provision of office space: 6.95m sq ft against a minimum of 1.3m sq ft of housing, 330,000 sq ft of retail space, 360,000 sq ft of leisure facilities, 200,000 sq ft

of industrial space and 250,000 sq ft for a hotel.

The council and the consortium are both seeking a negotiated solution to differences over what the development should contain. The principle of development on derelict railway lands is not in question. The consultation was designed to help the council refine its attitude towards the

consortium proposals. Its basic position is that there is too much development planned for the site and that more attention should be paid to the pro-vision of housing and community facilities.

The council is also con-

cerned about the effect of creating a new community on the local transport and highway network, especially in the light of King's Cross's future role as a terminal serving

cross-Channel trains. Local community groups, under the umbrella of King's Cross Railways Lands Community Development Group, are arguing for less intensive development than that proposed by the con-

They seek a greater stress on housing and industrial space and believe this would provide a modest but adequate profit for the consortium and more closely meet the needs of the local community. But for the consortium, made up of Rosehaugh, Stan-hope Properties and NFC Prop-

erties, a high proportion of offices is necessary to generate commercial return from the

The consortium has already adjusted its original plans to

polls to 13-14 per cent.
Fears among Conservative
backbenchers about the political impact of the introduction

of the poll tax in England and

Wales next year are now adding to the political pres-

A growing number of Con-servative MPs is joining in

demands for an extra £1bn

from the Government to ease

the initial effects of the

rageous open-ended guarantee

of public subsidy to what will

be a private sector company." Labour's attack will spear

head a wider critical assault in

the coming months on govern-ment environmental policies,

to expose government short-

comings on "green" issues and strengthen Labour's creden-

tials as the real "green" party.

A team of Labour strategists, will this week consider a

detailed analysis of the motives of the 2.29m people who voted for the Green Party

in the European elections.

sures on the Treasury.

by more than 500,000 sq ft. If council and consortium can agree on the scope of development, an outline planning permission could be granted early next year and construction could start in late 1990, lasting

But this schedule would depend on British Rail Prop-erty Board, present owner of most of the site, settling a legal wrangle with St Bartholo-mew's Hospital, owner of 125 acres of it until 1846. The latter claims ownership of its former land under the terms of a stat-ute setting aside the land for

railway use.
The schedule also depends on the smooth passage through Parliament of the King's Cross Railways Bill which would give authority for a new station. This bill is now at committee

Treasury expects 'hard choices'

THE Cabinet will meet on Wednesday amid conflicting economic and political pres-sures to set the framework for next year's public spending

Treasury ministers have already sounded several warnings that "hard choices" will have to be made in negotia-tions during the next few weeks over departmental bud-

Mr John Major, Chief Secretary to the Treasury, has insisted that so long as infla-tion is rising — and another small increase in the rate is

LABOUR leaders intend to

mount a concerted attack in

the Commons on government moves to counter amendments

to the Electricity Bill that were

ensuring a wider exposure of the Government's environmen-

tal policies and promoting

Labour's own "green" commit-

when the legislation to privatise the electricity industry returns from the Lords to the Commons later this month, focal points of the attack will

The tactics are aimed at

By Philip Rawstorne

carried by the Lords.

week - the Government can not "rush in with our cheque books flapping."

The Cabinet is expected to come up with a formula that sticks closely to the £179bn already pencilled in for the 1990-91 programme but allows some scope for extra spending

Departmental ministers, however, are unlikely to secure anything like the additional total of around £10bn that they are seeking, mainly for trans-port, health, education and

social security.

Demands for the spending of

Labour to attack stance over electricity

be amendments expected from

Mr Cecil Parkinson, the

Energy Secretary.

The first will trim the exten-

sive powers which a Lords

amendment gives the Electric-ity Regulator to promote energy efficiency and conserva-

tion. The second is expected to provide government guaran-

ees on the costs of de-commis-

sioning nuclear power stations and commissioning new ones. Mr Tony Blair, Labour's

energy spokesman, said yester-day that the nuclear power amendment would be "an out-

microwave £14bn surplus have been rising as the Government has run demand falls into political difficulties on By Richard Tomkins, several fronts and Labour has extended its lead in the opinion

Midlands Correspondent

Jobs lost as

A SHARP downturn in UK demand for microwave ovens has triggered nearly 100 job losses at Wagon Industrial, the Shropshire-based manufactur-

ing group.
The redundancies will affect employees at factories operated by Wagon's Edward Rose sub-sidiary in Brownhills, West Midlands, and Telford, Shrop-

Edward Rose's main activity is making vehicle components, but it also supplies metal pressings for the bodies of microwave ovens made by two Japanese companies in Britain. Mr John Hudson, Wagon's chief executive, said high UK interest rates and the conse-quent slackening in consumer demand had led to a downturn

in microwave oven sales. Consequently, one of Edward Rose's Japanese customers had taken to manufacturing oven bodies itself, while the other had sharply reduced orders. Mr Hudson said that although the 95 redundancies had been precipitated by the loss of orders, he had been unhappy about Edward Rose's efficiency since the company was acquired in July last year.

The redundancies are to take effect after the holidays.

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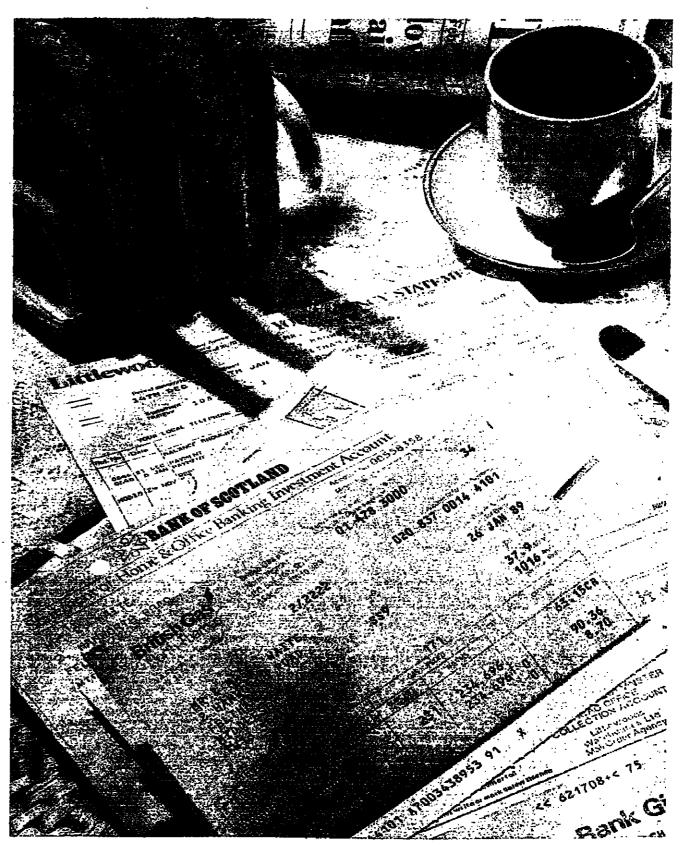
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By John Gapper and Philip Stephens

BRITAIN'S rail unions last night appeared divided over their response to British Rail's offer of fresh talks on pay on the eve of an overtime and rest day working ban by drivers that is likely to add greatly to

rail disruption.
Commuters, especially in the south east around London, will face further difficulties this week if both main rail unions stage industrial action in pro-test at plans by the state rail-way management to impose a pay settlement and alter collective bargaining procedures.

Mr Neil Milligan, general

secretary of the drivers' union Aslef, said his union was willing to talk to BR about the Railways Staff National Tribu-nal arbitration in favour of an 8.8 per cent pay award for white-collar staff.

The National Union of Railwaymen, the largest rail union, has insisted it will only talk to BR at the conciliation service Acas on the twin issues of the imposed 7 per cent pay award and the ending of national pay

bargaining. Leaders of Aslef, the NUR and the Transport and Salaried Staff Association (TSSA) white-collar union are to meet today to discuss tactics in the

dispute. The TSSA wants to meet BR to discuss the tribu-nal's pay arbitration in its

The outbreak of industrial unrest in British industry will escalate at midnight tonight when 9,400 dockers formerly registered under the National Dock Labour Scheme are called out on strike by the TGWU general workers' union.

BR said it was willing to dis-cuss the tribunal's decision, although it would not commit itself to paying 8.8 per cent to all its 130,000 staff. A meeting with the unions willing to dis-cuss pay alone could take place this afternoon.

The fourth one day strike by NUR members over pay and national bargaining is due to take place on Wednesday. BR warned yesterday that up to a third of Southern Region trains could be hit by the Aslef over-

Mr Richard Rosser, TSSA general secretary, said the union wanted to meet BR to discuss pay following the tribunal decision. He believed his members would accept an 8.8 per cent award provided BR did not attach conditions to it.

Aslef has treated the two issues of pay and bargaining



Railways: closed by dispute

separately so far in the dispute. The union is likely to bal-lot its members on further industrial action this week unless BR amends its attempt to end national bargaining. BR said peak-time commuter trains would be worst affected by today's Aslef action. It has made contingency plans to close cramped stations such as Charing Cross in London if there is severe disruption. Mr Paul Channon, Transport Secretary, and Mr Norman Fowler, Employment Secre-

tary, will meet early today to

review the situation in the rail

dispute.
Later Mr Channon is expec ted to face tough questioning in the House of Commons on the Government's response to the strikes and overtime ban. He and his junior ministers are due to take a range of trans-port questions during some 40 minutes in the House.

Mr Robert Adley, vice chairman of the Conservative transport committee, is to ask whether the minister has any plans to meet the railway unions again to discuss Gov-ernment investment.

Mr Adley yesterday criticised the Government's non-in-tervention policy. He said: "I am not aware

that it is modern Tory philoso-phy not to talk to the trade unions. If it is, I hope that phisophy is changed. "I hope that where there is a chink of light, the Government will use all its efforts to try to bring about a settlement."

But there was no indication yesterday of any change in the Government's approach to the rail and other disputes.

Mrs Thatcher is not expected to call another meeting of the wider group of ministers now involved in the handling of the disputes before Wednesday.

skills has little impact

By Michael Prowse continuing to affect British manufacturers but the effects in most cases are minor,

according to a survey by the Confederation of British Industry and the Training Agency published at the weekend. The most acute shortage is of professional engineers: 26 per cent of manufacturers reported a shortage in 1988 but only one in 10 said that output had been constrained signifi-

cantly by the shortage.

The proportion reporting a shortage was significantly higher than in 1987, but the effect on output was judged to

Capital goods industries were most affected by the scarcity of engineers, with one in five saying that shortages had had a significant or severe

Overall, nearly half the companies questioned said they had been unable to meet their skill needs during the previous

More than 80 per cent had tried to recruit staff and three-quarters had retrained existing employees. More than half had improved pay and conditions in an effort to meet their skill

Apart from engineers, shortages: were experienced of machinists; computer and management personnel, electri-cians, and sales and financial

Six out of 10 companies reported significant effects on output as a result of shortages of machinists. Nearly one in 10 rated the effects as being

. Shortages of computer and nanagement staff had a relatively minor impact on output. Recruitment difficulties reflected pay and conditions which were being improved.

Engineering, motor vehicle and transport equipment companies reported shortages of maintenance electricians. Difficulties were being solved by retraining and recruitment at

lower levels. Shortages of sales staff were said to have had a big impact on output. A third of companies surveyed had experienced a high turnover of sales personnel

However, reported shortages of financial staff had little effect on output.

The CBI says that since the skills survey was carried out last November, skill shortages and recruitment difficulties in manufacturing industry appeared to have eased.

Shortage of | High costs may push down the value of nuclear power plant

and ignores the nuclear levy

which, the Government says, will be imposed after the indus-

try is privatised. This will be paid by all non-nuclear genera-

tors connected to the main

electricity system.

However, even on more optimistic assumptions about the recovery of convalescent AGRs, the other factors brings.

the value of the nuclear assets

By Max Wikinson, Resources Editor

HIGH costs may push down the value Britain's nuclear power plant, which new figures given to the Government suggest is over valued and not worth the \$9bn claimed by the Central Electricity Generating Board, the state power sup-

Bankers say that the new valuations would make the plant difficult to sell. Estimates of negative or very low asset values reflect three adverse factors.

• Fears that teething troubles with the the latest Advanced Gas-cooled Reactors (AGRs) may be prolonged into late ado

Huge increases in the esti-mated costs of decommission-ing and nuclear fuel re-process-

A sharply increased cost of capital from the 3 per cent (in real terms) now earned by the industry to a target rate of 8 per cent.

A negative value of several hundred million pounds is con-sidered plausible within the industry, although it results

THE inspector leading the

inquiry into a controversial

new nuclear power station in western England is due to leave for the Soviet Union

today, where he will visit Cher-

nobyl, scene of the world's

worst nuclear power accident. Mr Michael Barnes QC, the

inspector conducting the Hink-

ley Point C nuclear power sta-tion inquiry in Somerset will be studying the emergency pro-

cedures which followed the accident, in April, 1986, and talking to Soviet officials about

By David Green

far below the present net replacement cost value (after depreciation) of £9.3bn. The Government is therefore faced with the difficulty that the value assigned to the nuclear assets when the CEGB is privatised will need to be pushed up artificially by the

nuclear levy.
Ministers are considering fixing this at about 15 per cent, which would have yielded a total "nuclear tax" of £360m in 1987-88, the latest year for which accounts have been pub-lished. This assumes an average wholesale price for power of about 2.9p per kWh, which industry executives say is likely after privatisation.

Ministers are therefore con-

Hinkley N-inspector to visit Chernobyl

changes in safety regulations

since then.
The decision by Mr Barnes

to make the five-day visit fol-lows the large amount of evi-dence, some of it conflicting,

he has received about the acci-

Hinkley Point C station say the

accident showed that nuclear

power is too dangerous, in spite of the differences in reac-

tor-design and safety regula-tions used by the Soviet and

Opponents of the £1.47bn

sidering ways of limiting the exposure of National Power, the company which will inherit the CEGB's nuclear assets, by loading much of the decommis-sioning risk on to British Nuclear Fuels Limited (BNFL), the private limited company owned by the Government.

Ministers are also consider-ing how much they can inflate the nuclear asset values by use of the levy. National Power wants the levy to be set at a level which would give it a nuclear profit of about £250m per year. However, this would make the nuclear assets worth only about £3bn, assuming a rate of return on assets of 8 per cent, the figure now used for nationalised industries.

Ministers are therefore faced

with a write-off of up to Lobn. If they were to listen to those arguing that the nuclear levy should not be used to inflate asset values, the write-off would have to be much larger. A decision on how the nuclear industry will be reval-ued for privatisation is expec-ted to be appropried quite ted to be announced quite soon, possibly this week.

Mr Barnes is being accompa-

nied on the visit by Mr Hum-

phrey Temperley, chairman of a consortium of 24 local

authorities opposed to Hinkley Point C, Mr Crispin Aubrey,

advocate for Stop Hinkley

Ports prepare for long dock strike

By John Gapper and Ian Hamilton Fazey

A NATIONAL dock strike is expected to halt work at 60 British ports today following the expiry of the joint national bargaining machinery covering Britain's 9,400 former regis-

The strike was called after the Government decided to end the National Dock Labour Scheme, which guranteed dock workers a job for life. Both the National Associa-

tion of Port Employers and the Transport and General Workers Union (TGWU) yesterday predicted a united strike from midnight tonight. The TGWU said it believed the strike could last six months or more.

Industrialists, however, hope to limit damaging effect of a strike and importers in indus-tries such as food and commodities have already built up

Importers started stockpiling reserves in April when the abo-lition of the scheme was first put on the parliamentary agenda. There is now believed to be a six-month buffer against import supplies drying

up, leaving Britain better placed to withstand a lengthy dock strike at its largest ports than it was when Liverpool and London dockers tried to orchestrate a national unoffi-

cial stoppage last month.
Imports will continue to arrive at most ports because since April shippers have been perfecting the means of bypassing ports that were in the scheme. They have used nonscheme UK ports for smaller vessels and French and German docks for larger ships of over 20,000-tonnes, from where UK-bound cargoes are transshipped in smaller vessels or by road and ferry.

There are also doubts about whether dockers will strike at Sheerness in south-east England. The dockers there were the first to reach a local agreement to replace the National Dock Labour Scheme and voted on Friday not to

Mr Bob Baulch, TGWU shop steward at Sheerness, said he could not predict what dockers at the port would do. Mr



Baulch told the TGWU biennial conference last month that the Sheerness dockers would join any official strike.

Docks: cranes halted by strike

Mr Nicholas Finney, director of Nape, said port employers or their customers would proba-bly take legal action to stop any picketing of non-striking ports by dockers from other ports. But he believed it would not be necessary this week. Mr Bill Morris, TGWU dep-uty general secretary, said the strength of the second national ballot on strike action follow-ing the abolition of the scheme showed that the strike would

"I believe we are in for a long, drawn-out struggle, but our union is absolutely firm and solid," he said.
Nape estimates about 1,200

of the former registered dock-ers have applied for redun-dancy, but Mr Finney said it was not yet clear by how much port employers wanted to reduce their workforces
The National Joint Council
for the Port Transport Indus-

try – the joint bargaining body for dockers - will be dis-solved today. The TGWU is pressing for a new national eement with port employers to replace the terms of the

TGWU Shop stewards meeting in London on Saturday called for union members in other industries to refuse to handle cargoes from striking ports, but TGWU leaders have repudiated any action that could create another legal dis-

Supermarket targets 'threaten operators'

By Our Labour Correspondent

ATTEMPTS BY supermarket chains to raise the productivity of check-out operators using laser-scanning tills could lead to a rise in the number of people injured by repetitive strain, the shopworkers' union Usdaw claimed yesterday. Usdaw said that benchmark

rates for the number of items scanned per minute by operators, which have been introduced by Sainsbury and Safeway, two of Britain's leading supermarket chains, were putting excessive physical strain on check-out operators.

The union said that it was dealing with 12 complaints a week from Sainsbury operators reporting neck, back and arm

The company has brought in a benchmark rate of 20 items a minute for its operators. Usdaw said it had complained to Safeway that its benchmark figure of 25 items a minute in some stores was "unreasonable and potentially

dangerous."
The rate had been imposed by management without the agreement of staff, the union added.

INEFFICIENCY and confusion

in UK government funding of

Mr Doug Russell, Usdaw's health and safety officer, said the type of scanners being used by Safeway were forcing mainly female operators to twist and turn a lot because it was difficult to sit comfortably. Mr Terry O'Sullivan, national officer, said the union

did not object to productivity increases but they had to be related to pay and the benchmark figures had to be achiev-The union said that recent surveys had shown that over

74 per cent of operators got regular headaches, 65 per cent suffered eye strain and 57 per cent neck strain. In an average four-hour shift, each lifted a ton of groceries.
Several big supermarket

chains have introduced benchmark figures for checkout operators to try to cut queue lengths. The Electronic Point of Sale equipment has allowed precise monitoring of work-

Sainsbury, which local representation agreements with unions in about half its stores, said it had not received any complaints from staff about injury from tills.

Government funding of voluntary

groups 'inefficient and confused'

Expansion, a regional opposi-tion group, and Mr Bob Tivey, a Central Electricity Generating Board official. The board wants to build a pressurised water reactor (PWR) nuclear plant at Hink-ley Point, on the Somerset House prices

in the north By Nick Garnett HOUSE prices continued to rise substantially in the north of England and in Northern Ireland during the second quarter of the year, according to the latest Nationwide Anglia house price index, published

rise faster

today. In the northern region, from Cumbria to Teesside, prices rose by more than 13 per cent. by almost 12 per cent in the north-west and by almost 10

per cent in Scotland. However, the rate of increase is starting to slow in these areas while prices in London and the rest of southern England continued to stagnate during the past three-month period.

The extensive report does not refer to indications that in London and parts of the south-east, prices have actually fallen by up to 20 per cent below last year's levels for

some properties. It says prices rose in East Anglia by 1.2 per cent during the last quarter and by up to 2 per cent in London and the Home Counties "although in some pockets, prices have fallen slightly."

Graduate recruiting tough Cross-border plans for pharmaceutical sector

BRITAIN's pharmaceutical industry, one of the country's largest and most successful science based industrial sectors, believes it faces deepen-ing problems in its efforts to attract graduate scientists to

its labour force.
The industry employs 15,000 scientists, making it one of Britain's biggest private sector employees of such graduates. It spends about 5700m a year on research and develop-ment – nearly a fifth of its

total turnover.
Recruitment difficulties are occurring, the industry believes, partly because of the general shrinkage in the pool of graduates caused by demo-graphic trends. Another factor is increased competition by other sectors such as financial institutions for science-trained

The industry also reckons

cricketcall /

Tive International

attracting bright school leavers into science courses in university, a factor which eventually reduces the pool of graduates in science emerging into the

labour force. A survey of the UK's largest drug companies by The Associ-ation of the British Pharmaceutical Industry, the main trade body for the industry, reveals widespread concern that during the 1990s it will be unable to find enough good people to fill the 500 or so new jobs a year likely to be offered

to graduate scientists.
The difficulties affect virtually all the main UK-based drugs companies, including large British-owned groups such as Glaxo, Imperial Chemi-cal Industries, Beecham and Welkome, together with non-British companies such as Switzerland's Ciba-Geigy.

Disciplines where the industry believes graduates are in

increasingly short supply include chemistry, biology, pharmacy and pharmacology. The industry has engaged about 500 graduates a year in these fields over recent years and expects the numbers to stay about constant. Beecham said it was having to work harder to employ new

graduates. Last year it managed to engage only 90 of the 120 or so it was seeking.

Glaxo, which is aiming to employ this year about 80 science graduates for research and development jobs, said it was being forced to pay "over the odds" to attract good peo-

Salary levels being offered to new graduates recruited this year were between £12,000 and £12,300 per annum - significantly higher than the £11,000 that Glazo was offering new graduates of last year's in-take.

raised on education

By David Thomas, Education Correspondent

ventures in graduate recruitment are under way or planned by British, US and French organisations with an interest in education.

This is a further sign of the growing concern over graduate recruitment because of fears about the decline in the number of young people expected in most European countries and the US in the 1990s. Some employers are already

reacting to a tighter graduate labour market by extending graduate recruitment activities outside their home base. This growth in international recruitment activity is now

beginning to be matched by organisations which supply educational services. London University has already entered into an agreement with a US company, CareerVision, under which the university's careers organisation is helping to introduce graduate recruitment fairs into the US.

Recruitment fairs, where employers promote themselves

CROSS-BORDER joint to students, are highly success-ventures in graduate recruit-ful in the UK but up until now have been unknown in the US. CareerVision and London University organised the first US graduate fair in Boston in April and are planning three more over the next year.

The university has a consul-tancy fee and profit-sharing arrangement with Career-Vision. Mr Brian Steptoe, direc-tor of the university's careers service, hopes the service could earn up to \$100,000 (£61,576) a year from the deal, although its prime purpose is to extend his organisation's experience. CareerVision is a newly-formed subsidiary of Millicom - the entrepreneurial US com-pany best known in the UK for

its cellular telephone interests. It is addressing the US student market by distributing a mag-azine free to more than a million students and cashing in on the intense advertising interest Ms Marian Salzman, Career-Vision's president, was in the UK last week, partly to study the potential for a similar ven-

Firms will have to join Fimbra insurance scheme

authorised by the Financial Intermediaries, Managers and Intermediaries, Managers and Brokers Regulatory Association (Fimbra) will, from November 1, 1989, be required to join the single professional indemnity insurance scheme operated by the association.

This compulsion will apply even to those firms which already have their own profes-

an adequate amount.

Fimbra is the self-regulating organisation within the financial services regulatory framework responsible for regulating independent financial advisers independent financial advisers and the smaller investment dealing firms not authorised by other self-regulatory organisa-

In the past, it has been severely criticised for not requiring compulsory profes-sional indemnity insurance as a condition of authorising

the outcome of any errors or bad advice by the firm with which he was dealing.

The main stumbling block to
Fimbra enforcing compulsory

professional indemnity insur-ance was the cost to member sory on all member firms.
The Law Society operates its own professional indemnity insurance scheme that is oblig-

atory on solicitors. Such blanket insurance schemes do help to keep the overall premiums down because of the high volume and lower administration required. Fimbra is offering two levels of cover, one with a ceiling of £100,000 and the other with a £250,000 limit. seeking finance from govern-ment departments. The prob-lems include:

voluntary organisations is damaging the effective devel-opment of the voluntary sector, according to a study published today.

The study, from the National Council for Voluntary Organisations, an umbrella body representing phonition and voluntary organisms. often take up to six months which can seriously endanger some organisations' survival. Bad communications. Initiatives are often launched with resenting charities and volunlittle or no consultation with tary organisations in England, is NCVO's submission to the those organisations which will have to run them, leading to expensive mistakes and delays.

• Inconsistency. There is no Government's scrutiny review of departmental funding to volor departmental funding to vol-untary organisations.

The study, which puts gov-ernment funding to the volun-tary sector at more than £2bn, consistency across government departments in the way they process applications for grants.

Heavy-handed control. Necsays: "It is not yet evident that there exists within the Governessary and proper financial control is taken to absurd extremes, wasting resources and discouraging innovation.

The setting of unrealistic budgets. Effective management of voluntary organisations is stifled when the Government makes unrealistic allowances for overheads, management, ment the necessary understanding, machinery, or strength of officials to match the growing significance of the

training evaluation costs and The NCVO study outlines Chronic delays in decision making. Decisions on funding what it considers to be appro-priate funding mechanisms for the voluntary sector.

It concludes that grant aid is a flexible and stable way of funding and is well suited to the diversity of the voluntary sector; contracts are conve-nient and controllable and allow for the clarification of responsibilities; and that part-nership arrangements, involv-ing private and voluntary sec-tors, are critical in creating the infrastructure for wealth cre-ation in rundown areas. How-ever, these have to be prefer

Ct.

* N

ation in rundown areas. However, these have to be underpinned by clearly defined funding mechanisms.

Efficiency Scrutiny of Government Funding of Voluntary Organisations; Submission by the National Council for Voluntary Organisations. NCVO, 26 Bedford Square, Landon WC1B 3HU. 55.

The study identifies a list of

problems met by many volun-tary organisations financed or

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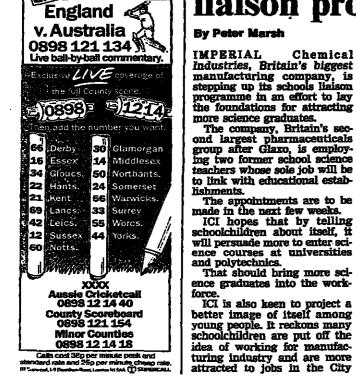
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By: The Bank of Tokyo Trust Company

as Fiscal Agent Dated: July 10, 1989



ICI steps up school liaison programme

IMPERIAL Industries, Britain's biggest manufacturing company, is stepping up its schools liaison programme in an effort to lay the foundations for attracting more science graduates.

The company, Britain's sec-ond largest pharmaceuticals group after Glaxo, is employ-ing two former school science teachers whose sole job will be to link with educational estab-The appointments are to be made in the next few weeks.

ICI hopes that by telling schoolchildren about itself, it will persuade more to enter sci-

ence courses at universities and polytechnics. That should bring more science graduates into the workforce.

ICI is also keen to project a better image of itself among young people. It reckons many

schoolchildren are put off the

Chemical and in professions such as law and accountancy. ICI employs about 400 new

graduates each year, roughly 300 of these being scientists and engineers working mainly in research and development. The two former teachers will

be attached to ICI's two main manufacturing complexes in Britain, at Wilton on Teesside in north-east England and at Runcorn in Cheshire, in the north-west. They were both pre-viously seconded to ICI plants on a scheme which the com-pany established last year to introduce school teachers to its way of working. Industrialists are keen to

improve training in schools and the ruling Conservative Government has encouraged companies to back its plans for City Technology Colleges. The colleges will train schoolchildren in science-based and technical subjects which

will be more attractive to

industrial employers.

ALL UK investment firms

already have their own profes-sional indemnity insurance for

It was argued that with such

insurance, an individual would be financially protected against

firms, costs that would be pro-portionately high to small firms. About one third of Fimbra members are sole traders. Now Fimbra has decided to set up its own insurance scheme that will be compul-

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were sponsors of a guitar concert
given by Marco de Santi at the
Wigmore Hall on 7th July 1989.
The evening was organised by Mr
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in association with the Italian
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LEGAL COLUMN

Poll paints bleak picture of recruitment crisis

RESEARCH among undergraduates by a Harris opinion poll, to test their attitudes to a career in the law, points a bleak picture for a profession deep in the middle of a much publicised recruitment crisis.

recruitment crisis.

The results of the survey, carried out for the City firm of solicitors Linkisters & Paines were based on 360 interviews with equal numbers of high-achieving law and non-law graduates from 13 universities. They indicate that the greatest competition faced by City law firms for the best graduates now comes from the financial institutions, rather than the small or medium sized law firms or the Bar. Money is apparently to blame for or medium sized law firms or the Bar.

Money is apparently to blame for this. City law firms cannot, or do not choose to, compete with the financial institutions on salaries — although money figured less prominently in the thinking of those undergraduates who rated law highly as a career.

The more worrying figures revealed by the survey are that only 43 per cent of the law students interviewed said they wanted to practise as solicitors and only 21 per cent of the non-

tors and only 21 per cent of the non-law students had considered the legal

profession as an option.

Those figures are not out of the ordinary. According to the Law Society, on average only about 40 per cent of law graduates go on to become

solicitors.

Although the City firms generally find it easier to recruit graduates than other areas of the profession (some City firms claim they no longer have a recruitment problem), there are few signs of the recruitment crisis easing across the country as a whole.

The society estimates the current

solicitor shortfall at between 10 per cent and 12 per cent in private practice, while the numbers entering the profession are rising only "margin-ally." With current demographic frends and the continuing increase in demand for legal services, it seems the recruitment problem can only get

Of those students who rated law higher than a career in the financial sector, 36 per cent listed enjoyment and job satisfaction as the most important factor in their thinking and 37 per cent listed intellectual gain or interest. For those who rated a career in the financial sector higher, the figin the financial sector higher, the fig-ures were 35 per cent and 33 per cent respectively. Job prospects were rated as important by only 11 per cent of those preferring law and 17 per cent preferring the financial sector.

In the qualitative stage of the sur-vey, Harris noted that although the majority of those studying law had considered the legal profession as a career "very of fairly seriously," most still had reservations and were reluc-tant to commit themselves. The City

tant to commit themselves. The City institutions were viewed as a way of "keeping options open" for many.

On law firms' promotional literature, more than one third of students said there was "really nothing to dis-tinguish between any of them." Although recruitment brochures were not seen as a particularly useful source of information, students

tain more information and less sales Among students contemplating a career in the law, vacation place-

clearly expected firms to provide one. Most students felt they should con-

ments and other direct contact with potential employers were the most important influences in choosing a firm. Almost two thirds of the law students interviewed had gained some experience working in the legal pro-

Linklaters' graduate intake, like that of many other firms, has more than doubled over the past four years. This year it will look to recruit more than 100 articled clerks. It has used the information from the survey to redesign its recruitment brochure. It will be interesting to see what impact it has had on recruitment efforts 12 months from now.

NON-BINDING forms of Alternative Disputes Resolution (ADR), increasingly popular in the United States as a means of avoiding costly and protracted commercial litigation, are eginning to make their presence felt in the UK.

The advantages of ADR, or "media-tion" or "conciliation," as it is vari-ously known, are confidentiality for both parties, a greater involvement for the parties in reaching their own agreement, speed of resolution, low cost and the preservation, rather than potential destruction, of the commer-

cial relationship.

The most common form of ADR in the US is the mis-named "mini-trial." The mini-trial usually comprises a short presentation of the issues by each parties in-house counsel in front of senior executives from each side who are preferably unconnected with the actual dispute.

Normally it takes place in the presence of a neutral chairman, frequently a lawyer respected by both sides as an expert in the relevant

After presentation of the issues the a settlement. If they fail, the chairman may be asked for his views as to the likely outcome of any ensoing litigation, after which the executives may make another attempt at settle-

ADR has been slow to show itself here, perhaps because of the relatively low cost of litigation in the UK

If they agree, the terms of the set-tlement are then incorporated into a written document which is enforceable under ordinary contract law. If, however, after a set period (a week or 10 days), no settlement has been reached, the ADR is deemed to have failed and either litigation or arbitra-

tion generally follows.

The biggest obstacle to successful use of ADR is the difficulty of getting the other side to use it once a dispute has arisen. US lawyers say there is no doubt that it is often very difficult to get ADR off the ground in the highly charged atmosphere that follows the commencement of a lawsuit.

The way around this is to persuade as many companies as possible to pro-

vide for a disputes-resolution mechanism at the time they enter into their business relationship or contract.
ADR clauses are fast becoming a com-

mon feature of business agreem ADR began to develop in the US (it has been widely used for many years in the Far East, especially Japan) about 10 years ago, when a number of in-house counsel got together to form the Centre for Public Resources, a non-profit making organisation dedi-cated to promoting ADR. It now counts among its membership more than 150 general counsel from the Fortune 500 companies and partners from more than 75 leading US law

Although London is one of the major commercial arbitration centres of the world, ADR has been slow to

of the world, ADR has been slow to show itself here – perhaps because of the relatively low cost of litigating in the UK compared with the US.

As the costs of commercial litigation rise, however, UK lawyers are beginning to show much greater interest. The London firm of solicitors Theorem Konneth Brown recently. Turner Kenneth Brown recently became the first UK law firm to join the Centre for Public Resources and are examining possible applications of

ADR in the UK. A US lawyer, Mr Richard Schiffer, has just opened the first ADR office in London. IDR Europe offers a media-tion service in the areas of high technology, insurance, construction and shipping. The firm charges £750 for getting the parties around the table and the use of conference facilities for one day and £100 an hour for mediation services thereafter. ADR scems

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To advertise in the most authoritative and comprehensive survey of graduate recruitment to be published by a national newspaper to date contact: Tim Kingham, Financial Times, Number One Southwark Bridge London, SE1 9HL Tel: 01-873 3606, Fax: 01-873 3062 James Buxton explains how NCR's plant in Dundee maintains its world lead in automated teller machines

he NCR plant situated on the Dundee bypass looks at first sight like any other branch manufacturing plant in Scot-land. It has a 1960 ish appearance and the ubiquitous logo of a multinational.

But it is an important manufacturing site — it makes all NCR's automatic teller machines, of which the company says it is the world's leading producer. Dundee is also the centre of NCR's world business for these customer-operated terminals, worth \$600m a year and the corporation's sec-ond largest division.

In addition to manufacturing, Dundee designs its own products and chooses the mar-kets in which to sell them. NCR believes its success in gradually overtaking its rivals in the ATM market owes much to the degree of autonomy it

has granted Dundee. Since the late 1970s NCR. which has its headquarters at Dayton, Ohio, in the US, has pursued a policy of decentralising decision-making to the lowest level possible. The policy was brought in to revitalise a long-established but increas-

ingly arthritic corporation. Revitalisation was particularly necessary in Dundee; in the early 1970s NCR's employment at seven plants in the city reached 7,000 as Britain and other Commonwealth countries decimalised their currencies (NCR was a prime supplier of convertible cash registers). Thereafter plants were shut as the company — with difficulty — sought new roles for Dundee. All the time it was a second source opera-tion making products dictated by remote corporate officials.

Now Jim Adamson, the bouncy, rapid-talking Scot who is the plant's general manager, is also responsible for all the financial self-service terminals business of NCR. "I have two sets of books," he says with a characteristic grin. "One set characteristic grin. "One set covers the plant and its trans-fers of products to our marketing organisations in each country. The other covers the entire product line from development to sales to customers. That makes me responsible for the

total profit and loss of the sector, under the vice-president for financial and office

NCR's corporate structure beneath the post of chief exec-utive is divided between vicepresidents responsible for product development, initial mar-keting, and manufacturing, and those who deal on a geo-graphical basis with sales and marketing. Adamson's most crucial relationship is with sales and marketing.
The sales and marketing

division is responsible for sell-ing the products to the customers and meeting the customer's day-to-day needs. But Adamson says it is his subsidiary, NCR Manufacturing Ltd, which makes the initial decision on what to make and which markets to enter.

"We decide what the market wants and watch what our competitors are doing. If I want to sell in India the decision is mine. We would have sussed out the market first and then we'd tell sales and marketing about our intentions. They would have some input to make, on prices, for example. And they could refuse to sell there, or reject the products we wanted them to sell.

But if we went ahead they would then take over the job of selling to the individual customer. But I am ultimately responsible for selling in 73

He goes on: "We deal with clients at a strategic level. We discuss their strategic requirements with them; 600 customers have come to see us in Dundee in the past two years. I did a quarter of a million miles of travelling last year and was away from the plant for a third

"I consider the financial self-service division mine but if you talk to sales and marketing they will say. No, it's ours." Sales and marketing, he says, has its own profit and loss account for individual country markets.

NCR's latest financial self-service product is the 5682. an inter-active terminal. Located inside a bank or office it can be used for selling such things as life assurance, real

estate, car hire or hotel rooms. By using a touch-screen, the individual can ask what prod-ucts are available, examine the details of the specific product he or she is interested in, and then make a contract to buy it. The 5682 is already being used in pilot projects by a number of British and US customers. The story of the 5682 is a good example of how the decentralised NCR system works. The product was con-

ceived in Dundee and the idea discussed with a number of

Some advance development work took place in the research and development department in Dundee - "I have complete freedom for spending on advance develop-ment spending," says Adamson — who has a total annual R&D budget of \$30m. An engineering specification was drawn up, but NCR's vice-president for development and production was not involved.

ext Dundee put together an overall business plan covering both production and marketing, "after I'd consulted coun-try marketing managers to get their support and input." The business plan was then presented to Chuck Exley, NCR's chairman, in Dayton, to obtain approval for the investment.

That having been granted, details of the product had to be

ironed out; its external design had to conform to the company's standards. Dundee is not obliged to incorporate components - such as printers that are made by other sectors of NCR if it does not believe them appropriate, and has rejected some, though Adamson will not identify them. The 5682 took only 12

months - from January 1988 to January 1989 - to pass from conception to first release. Adamson believes the speed with which products can be brought out is one of NCR's competitive advantages and owes much to the decentralised way the business is run. The Dundee plant's autonomy is enshrined in the "charter" it was granted for finan-

cial self-service products in



competitors, and tell sales and marketing of our intentions'

1982. But although Exley and Bill Anderson, his predecessor as chairman, wanted in princi-ple to grant NCR's plants charters for particular product sectors, it was far from certain then whether Dundee would

When Adamson arrived in 1980 the NCR operation, now reduced to a single plant but still employing 1,400 people, was, as he puts it, "on the edge of a cliff."

Sales of mechanical cash registers had fallen back to normal levels and electronic es were coming in. One of the few hopes was that the plant was beginning to manu-facture ATMs for UK banks. But the initial products were unreliable and, from Dundee's point of view, were developed in collaboration with a sister plant in Dayton, which, Adamson says, "had all the software and half the hardware."

To get the charter for ATMs Adamson first had to make Dundee financially viable. This involved cutting staff from 1,400 to 700 and shedding lossmaking products. At the same time he had to improve the quality of the existing range, develop a new model and sell both, as well as fighting with Dayton for the charter. "It didn't come cleanly. It had to be fought for," he says. Dayton won the charter to handle branch automation.

NCR had only five per cent of the world ATM market in 1980. At that time the major players included the US company Docutel, International Business Machines, PhilipsDiebold (Philips of the Netherlands markets internationally the products of the US com pany Diebold), Fujitsu of Japan and Burroughs.

Now 30 per cent of all installed ATMs round the world are made by NCR; it claims to have made 50 per cent of all ATMs in 1988.

It claims more than 50 per nt of the UK market, with Lloyds recently having joined National Westminster, Barclays and Midland as NCR customers. Employment in Dun-dee is now back to 1,300 and a new plant has been set up near Dunfermline in Fife to make the 5682.

In the course of NCR's ascent, companies such as Docutel, Olivetti, Chubb and Burroughs have abandoned the ATM business, leaving NCR, IBM and Philips-Diebold as the major players. All are multinationals but Adamson believes that NCR has a major advan-tage through being concen-trated on a single site with its considerable autonomy. Rivals, he claims, divide between different sites responsibility for such sectors as hardware, software, integration and production management.

It is a conclusion broadly endorsed by Peter Labé, a US analyst with Labé, Simpson, who follows the ATM industry. "It is fair to attribute a lot of NCR's success in this sector to its autonomous structure. NCR hears what its customers want and tries to meet their needs. Though everyone talks about quality, NCR's products are much more reliable." Exploiting national differences

Why subsidiaries should be kept on a loose rein

By Michael Skapinker

hen, in 1996, a group of British research-ers set out to investi-gate what skills managers would need in the future, they decided to look at 10 successful European companies.

By the time they came to write a book on their findings*, two of the companies - Jaguar and Norsk Data - had run into trouble.

The two companies' difficulties are a warning to managers who think they have solved all their problems. One point which the executives quoted in this book stress repeatedly is that successful companies never stand still. "The future," says Sir Denys Henderson, chairman of ICI, "is a constantly moving target."

The research for this book

was carried out by Ashridge Management College and the Foundation for Management Education. The researchers published an interim report last year, Management for the Future, which recommended that companies shower their staff with "tough love" — a combination of hard-nosed business sense and regard for employees' feelings.

Their more detailed book, Shaping the Corporate Future, pays particular attention to the difficulties which European companies face when attempting to become more interna-

Many European companies feel the need to expand abroad. Their national markets are too limited to support their ambi-tions. ICI's Henderson says that his group had to become international "not because we are anti-UK but because the UK is too small. To develop a new drug, for example, you may have to spend up to £150m, and there is no way you can recoup that investment on sales to the UK

Those that have set up operations abroad now see it as important to delegate more responsibility to their subsidiaries in different countries. (Some US multinationals have reached similar conclusions. See the experience of NCR, reported on this page today.)
Local managers have a shrew-der idea of what their own markets need and are in a better position to spot changes in customer preference.

The organisations featured in this book also recognise that their national companies have different ways of doing things and that they should not attempt to impose a uniform management style on them. An executive at BMW says that "unlike IBM, our aim is not to have a situation that, wherever you go in the world, every-thing is the same."

Accor, the French hotel and restaurant group, says its operations in Germany are run differently from those in France, Its West German interests are run in a very central ised fashion; in France its businesses are more loosely

On the other hand - and

ICI became international 'not because we are anti-UK, but because the UK is too small'

here lies the companies' dilemma - the need for co-ordination between national subsidiaries has never been greater. Companies increasingly look for customers, sup-pliers and joint venture part-ners abroad and rely on their national subsidiaries for information.

"A company such as ICI, which has to buy raw materi als on the international mar-ket, usually in foreign currency, is competing for those same materials with companies that are also its competitors,

the book says.

"How it judges those transactions will affect some of its other decisions. So in competing against other global chemical companies, an important factor will be how much better it is in co-ordinating its over-seas businesses than competitors such as Du Pont and

How do successful European companies resolve the question of how to give subsidiaries greater autonomy while at the same time improving co-ordination between them?

ICI says group headquarters acts "as a catalyst and as a resource to get people to think through various options and their implications."

Several of the companies looked to new technology to improve the flow of information between subsidiaries. Some reports have said that British companies had fallen behind their international competitors in the use of informa-tion technology. The Ashridge researchers, however, said they were impressed with the focused way in which Jaguar. Shell UK, ICI and J.C. Bamford

Excavators used IT. Companies like Electrolux and ICI believe that a cadre of mobile international managers could be the "glue" that holds their disparate groups together. An Electrolux executive says his organisation believes "we should have top managers who can operate divergently, who are as sure of themselves in New York as in Paris." Rather than representing a particular country, these

international managers act on behalf of the group. Here, companies come up against another difficulty. Not all managers are happy to spend all their time travelling. Some companies say that the number of managers prepared to uproot themselves and their families to take up a foreign posting is getting smaller. A manager at Shell UK told the Ashridge researchers that managers today were less willing to move to other countries because their wives had their own careers and because they were reluctant to put their

children in boarding schools. The book suggests sending managers on shorter foreign assignments, perhaps no more than a few months. Another idea is to give managers experience of different cultures when they are still young and have fewer family responsibili-

*Shaping the Corporate Future, by Kevin Barham and Clive Rassam. Unvin Hyman. £12.95. To be published on July

> COMPANY NOTICES

HARRISONS MALAYSIAN

NOTICE OF RECEIVE

NOTICE IS HEREBY CIVEN that the

NOTICE IS HEREBY CIVEN that the Thirteenth Annual General Meeting of the Company will be held at the Ketan-tan Room, Basement 2, Stanger-La Hotel, 11 Jaten Sukan Ismail, 50250 Kusla Lumpur, on Wedneaday, 9th August, 1989, at 11.30 a.m. for the fol-lowing purposes: 1. To receive and adopt the Report of the Directors. the Stetament of

the Directors, the Statement of Accounts for the year ended 31st March, 1989, and the Report of the

Auditora. To declare dividends. To approve the Directors' remuneration for the year ended 31st March, 1989.
To re-elect a Director
To consider and, if though \$1, pass the 1054 period of the Companies Act, 1985. That pursuant to Section 128(8) of the Companies Act, 1985, Tue Ismail bin Mohammad All be re-epointed Director of the Company to

pointed Director of the Company to hold office until the conclusion of the next Armusi General Meeding. To appoint auditors and to subtor-ise the Directors to fix their

remuneration.
To transact any other ordinary business of the Company.

By order of the Soard Mohd. Nedzir Matxaud Secretary

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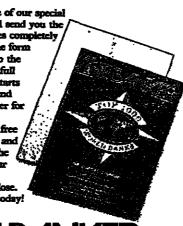
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SEMBNT OF CREDITORS' MEETING THE INSOLVENCY ACT 1986

SPERRON DOVESTMENTS LTD

- IN RECEIVERSHIP NOTICE IS HEREBY GIVEN, pursuant to secion 48(2) of the Insolvency Act 1998, that a meeting of the unsecured creditors of the above-named conspany will be held at the offices of Cork Gully, Chartered Accountants, 108 Greet Victoria Street, Belfast 672 7AX at 11.00 am on Thursday 27 July 1999 for the purpose of having laid before it a copy of the report prepared by the administrative receiver under section 48 of the said Act. The meeting may, it it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under

(a) they have delivered to me at the address show above, no later than 12:00 noon on Wodneaday 25 July 1985, writing details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986

Creditors may obtain a copy of the report, tree of charge, on application to the adminis-trative receiver at the address shown above.

CAN (UK) LIBETTED

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at The Hallam Tower Post House Hotel, Manchester Road, Sheffield on 17 July 1989 at 11,00 am for the purposes of having tald before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting mey if thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

Creditors are only entitled to vote it:

(a) they have delivered to us at Carix Guily, 1
East Parade, Shelfield, S1 ZET, no later
than 12 noon on 14 July 1989, written
details of the debts they cliam to be due
to them from the company, and the claim
has been duty admitted under the provisions of Rule 3.11 of the Insolvency Rules
1996; and

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including foxes copies) and not acceptable. D J Stokes ADMINISTRATIVE RECEIVER

Date: 27 June 1989

TRAVEL PARADE LIMITED REGISTERED NO: 1432223

Pursuant to Section 46(1) of The Insolvency Act 1988 and Rule 3.2 of The Insolvency Rules 1988 take notice take we, M C Without and I D Williams of Grant Thornton, Great Thornton, Great Thornton House, Melton Street, Euston Square, London NW1 2EP were appointed Joint Administrative Receivers of the above company on 16 June 1989 by TSB Bank ptc.

VERTISEMENT OF CREDITORS' MEETING UNDER SECTION 45(2) OF THE INSCLUENCY ACT 1907

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Creditors are only entitled to vote it

(a) they have delivered to me at the address shown above, no taker than 12.00 moon on Wednesday 26 July 1998, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provi-sions of Rule 3.11 of the Insolvency Rules 1996 and (b) there has been lodged with me any proxy which the creditor Intends to be used on his or her behalf.

Craditors may obtain a copy of the report, free of charge, on application to the administrative receiver at the address shown above.

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mg Semiconductor and Telecommunications L US \$30,000,000 Floating Rate Notes dee 1994 Government by schools Company Limited

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2] Advent Cupital Limited
3) Legal & General Assural

ited
4) investors in industry pic
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EMENT OF CREDITORS' MEETIN

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(a) they have delivered to me at the address shown above, no later than 12.09 moon on Wedneaday 26 July 1989, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the insolvency Rules 1989 and (b) there has been fodged with me any proxy which the creditor intends to be used on his or her behelf.

Date: 6 July 1989 John Ross

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th July, 1989

JUES

A member of the Company emitted to attend and vote at the above meeting may appoint one or more provise but not exceeding two, to attend and vote in his atead. Where a member appoints two praules, the appointment shall be invalid unless the appointment about the proportion of his boldings to be represented by each proxy. A proxy need not be a member of the Company but must attend the meeting in person to vote. The instrument appointing a proxy must be deposited at the Company's registered office not less than 48 hours before the time for helding the meeting or any adjournment thereof. If the dividends are approved at the Annual General Neeting, it is intended that the warrants be payable on 2nd January, 1900, to shareholders registered in the books of the Company at the close of business on let December, 1998.

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ARTŜ

The 18th-century house and Capability Brown park at Compton Verney: the scheme must respond to the historic landscape ARCHITECTURE

Opera in the park

Colin Amery on the Compton Verney shortlist

rchitectural competi-tions breed excitement, controversy and sometimes produce good results. They can, if well organised, create an atmosphere, a buzz of creative energy that elevates the process above mere submission and judgment. At the moment there is a competition underway that seems to have the international architectural profession on the edge of their

The state of the s

Creas

rake

venue

It must be more than three years ago that a group of enthusiasts decided that there was a need for a new opera. house, a kind of Glyndebourns of the Midlands, on a marvel-lous site in the park of Compton Verney, close to Stratford-upon-Avon. The idea has since become the Compton Verney Opera Project under the chairmanship of Mr Chris-topher Buxton, whose company owns the Compton Ver-

ney Estate. Mr Buxton is well known as one of the pioneers in the res-cue and conversion of country honses into flats. He has eathered round him a council consisting of Dr Michael von Clemm, Barry and Hilary Tuckwell, John Wates, Lord Willoughby de Broke and the Marchioness of Douro. They are advised by a group of distinguished opera and musical

After very thorough research, the project initiated an architectural competition to design a new opera house by the lake in the Capability Brown landscape that sur-rounds the house at Compton Verney. The main house is an 18th-century classical house built in 1714 for the twelfth Lord Willoughby de Broke. The original architect of the rather tough, Vanbrugh-like house is unknown. Robert Adam altered and added to it in the 1760's. It may eventually become an hotel. At the moment the great

glory of Compton Verney is its splendid park, lake and Georgian bridge.

The six short-listed architects were interviewed in London Seem to have adapted it particular.

don last week. Interestingly enough, they had all met together with the client some months ago and for a fee had three months to work on the The six architects are Evans

and Shalev; James Stirling; Hans Hollein; John Outram; Ahrends Burton and Koralek; and Henning Larsen. A group of assessors will shortly recommend two or three names to the Council, who will chose the final winner. The assessors included Christopher Buxton, Dame Sylvia Crowe, Marcus Binney, Sir John Tooley, Wil-liam Curis and Colin Stans-field-Smith. Theatre-Projects

are the specialist consultants.
It is a solid group of architects, none of them remotely
"high-tech" and all of them capable of producing a scheme that responds to the historic landscape and sensitive 18thcentury neighbour. There is (planners notwithstanding) the opportunity to add something distinguished to a great land-scape that will enhance it and enliven it. It is a wonderful scheme in the best English

tradition.
Of the six schemes submitted, only two are really outstanding and one of them, if the assessors are brave, must be the winner. But first, the other four. Hans Hollein is the Viennese architect best known for his glamorous interiors and shops and for the Municipal Museum at Monchengladbach, and he does not seem to have won many friends with his design

which is not in sympathy with the remarkable landscape. Ahrends Burton and Koralek worked with Frei Otto and it would have been reasonable to expect something more sensi-tive than the half hidden grass

Romeo and Juliet

COLISEUM

As a second offering in its as a second offering in its season, the Bolshoy Ballet has brought Romeo and Juliet. This is not the version by Leonid Lavrovsky with which the company fired London's imagination on that initial visit in 1956, but Yury Grigorovich's production, made for the Ballet of the Paris Opera in 1978, and taken into the Moscow repertory the following year. Consideration of Lavrovsky's

Romeo is crucial in understanding Grigorovich's recension, for here the choreography seems a deliberate reaction against the older staging. In place of Lavrovsky's monumental verismo, his operatic characterisations and elaborate characterisations and elaborate mimetic procedures, and the fact that "you could almost smell the Verona drains" according to one comment in 1956, Grigorovich proposes abstraction, a stripped-down movement style, and a quickened response to the tense, terse elements in Prokofley's score. The choreography score. The choreography exposes the sinews of the music rather than the minutiae of the action.

Grigorovich is not concerned with narrative, aiming rather at an abstraction of Shakespeare's drama focussed on the young lovers, around whom swirl and race the feuding Veronese mob. When first staged – as these columns reported – the ballet was cast in two parts, and had an impulse towards the culminating scenes of each act, in gar-den and tomb, which suggested the headlong rush of the tragedy. Grigorovich has somewhat reworked and, I venture, extended his material. Now extended his material. Now given in three acts, the beliet commands the stage less by the driving pace of the dance, than by those Grigorovich virtues of huge swathes of movement that establish mood, creating a generalised though potent emotional climate (as in Simon Virsaladze's gauzy set-tings) against which individuals must play out their fate. Given stellar performance,

as there were on Friday night when Natalia Bessmertnova and Irek Mukhamedov appeared as the young lovers, and given a large stage filled

with the pounding cohorts of the Bolshoy artists, then this Grigorovich version can hold its audience totally.

One can marvel at the commanding beauty of Beasmert-nova's performance, at once a symbol of Juliet's tragedy and potently sustained example of danced emotion. No less tremendous Mukhamedov, all ardour from curtain rise as he soars across the stage, touching Romeo's every step with the fire of a great passion. From the fabric of this dance tapestry, Alexander Vetrov's Tybalt and Mikhail Sharkov's Mercutio also stand out; in the general excellence of the company performance, the groups of "friends" who serve as cho-rus to the central characters were exceptionally fine.

I was also fortunate to see

Lyudmila Semenyaka's Juliet on Saturday afternoon, the epitome of sensitivity and grace in the early scenes, and making the girl's agony in the tomb not mere dramatic illusion, but a heart's cry.

Clement Crisp Natalya Bessmertnova



The Long Way Round

The Austrian-born, and in turn German, French and again Austrian-do-miciled Peter Handke is perhaps best known in this country for his screen-plays for Wim Wenders' Wings of Desire, and The Goalkeeper's Fear of the Penalty, and for the occasional produc-tion of such plays as The Ride Across Lake Constance.

Commissioned by the NT Studio, Rabh Manheim's new translation of a play drawn from one of a trilogy of short novels arrives at the Cottesloe for a mere 12 performances. Stephen Unwin's production demands to be seen. Those who dignify the theatre as something more than an aid to digestion should not miss it.

The protagonist, a young man who has made good, returns to his home village to allay feelings of responsibility and betrayal. His brother is a labourer, his sister works in a shop and longs for her comp business.

The protagonist, "full of compassion but who can't abide people's weaknesses", seeks out his brother on a building site and is upbraided by his sister for his moral superiority, the self-reproach that has killed all generosity in him. This family reunion, like Eliot's, is stained with old guilt.

Eliot is a name that springs to mind, for the work is written in speeches, slabs of prose (and poetry) in the form of monologues. The action moves forward with a formal, theatrical inexorability (the production boldly opts for the grand gesture: the outflung arms, the hands uplifted); there is even some choric speaking.

The translation echoes Eliot's cata-

logue lists of ominous portents; the building-site workers intimations of doom ("The river has gone dry... The village tavern has no wine") recall Agatha's trance-like portents in The Family

notically written verbal rhapsody on the three workers themselves (respec-tively calloused, stupid and retarded an echo of the one-eyed, one-armed and hunchback brothers of Die Frau ohne

They are variously "the grinning killer with a death's head, the jailbird; silhouettes in the inter-city bus; we even manage to be on the horizon, to be ravine or a cliff between two mountains. We are the fatherless; beautiful

strangers..."
The monologue, like most of the play's speeches, is massive, and delivered with superb confidence by David Bamber, deceptively dowdy in cheap suit with bootlace tie and slicked hair. The play has the resonances of a fairy-story (an old woman cursing the changed village with its mopeds and city yuppies is updated Grimm), the slowly emergent pattern of ritual.

The language nonchalantly achieves

inconsequential poetry: the man wounded by a lance cating a banana preached a sermon nobody understood: the concrete mixer settled his hash for good - verging on the psychedelic jumble of pretentious '60s pop (remember Procul Harum's "Whiter Shade of

Deadlines forced me to leave a performance running an hour longer than advertised, as Tilda Swinton climbed a ladder to proclaim the new age and crown a small child. Yes, of course it must be better in German; yes, you can

giggle at its earnestness.

But this brave and ambitious piece, devotedly acted and designed with lucid economy by Bunny Christie, is worth ten arch Irish romps and 20 smug vul-garisations of the Spanish Golden Age, on the South Bank.

Martin Hoyle

A Whistle in the Dark

of 1986.

That production has been reassembled as part of LIFT, with Godfrey Quigley once more the imperiously tarifying Dada who has come across from County Mayo with the youngest son, Des (Lorcan Cranitch), to visit the oldest, Michael (Dermot Crowley).

Three other Carney boys are seems to have grown out of the Pazzi Chapel and with its water garden it has a cool approachability.

Toku Outram is a practical visionary who has developed a strong, per-sonal and original language. He is a very Roglish architect, and of all the pro-jects his seems best to have Three other Carney boys are also encamped in the grey slo-venliness of Michael's house understood the concept of building in an 18th-century park. His colourful, almost designed by Brien Vahey), re-enacting old family rituals on a New World terrain, blazoning their drunken tribal Mayo-ness Moghul looking palace is in the spirit of the oriental and Chi-noiserie buildings that so often across the despondent features of Michael's English wife. added exotic notes to the "Pic-turesque": landscape. It is a brilliant and original building that would be an attraction in itself, and is part of an inspired

There is an offstage street battle with another immigrant mob, the Mulryans. There is mention of conflict with the Muslims. But the essential raw matter of this starkly uncom-fortable but compelling play is double-headed: the initiation of Des in foreign manners and the struggle to win back Michael to the fold.

As before, Garry Hynes judges to perfection the oscillations between shocking realism and over-heated theatricalthe two chief questions at a

single blow. The play is certainly another bad advertisement for the close-knit Irish Catholic family, but it has also acquired a grim metaphoric resonance as a study in the rights of a minority to pursue its customs, how-ever noisily and barbarously, in an alien host culture.

When Betty (Corrine Ran-son) is punched in the stom-ach, Seán McGinley's chief fra-ternal rabble-rouser yelps the partisan approval of an unaccommodated fanatic. Murphy's writing is full of loathing and contempt. But unlike Osborne's Jimmy Porter (who is also holed up in a featureless Midlands room), Michael is a victim of social and cultural tensions that have assumed a

physical stage presence. As in Dublin, Dermot Crowley's account of cracking up under this pressure is both frightening and moving. Mr Quigley is a spluttering, titanic actor of the sort we see far too rarely on the London stage

Thomas Murphy's brutal 1962 ity. The play's final act moves play about a clan of hish immigrants Coventry was powerfully nevived by Garry. Hynes for the Dublin Theatre Festival of 1986.

That production has been that production has been the production has been cathartic climax that settles adays. He has a curious habit of consoling his stomach with little pats (or paddies) that is prelude to the great patriarchal bogeyman gesture of removing his leather belt to admonish the wayward off-

You have all month to catch A Whistle in the Dark at the Royal Court, but only one more chance, tonight, to see Anatoli Vasiliev's extraordi-nary production of Pirandello's Six Characters In Search Of An

Author also presented by LIFT, at the Brixton Academy. In a platform discussion at the Institute of Contemporary Arts on Friday, Vasiliev revealed that in his entire pro-fessional career as a director, which began in 1973,he has missed perhaps only five of his actors' performances. This gives a clue to the passion, commitment and "special event" quality that rise like steam from this glorious decon-

All the notes are played but not, as Eric Morecambe once said of his piano playing, nec-essarily in the right order. The stage area and seating arrangethe play travels (Vasiliev and



Dermot Crowley

his Moscow troupe have been itinerant now for nearly two years), but it seemed a particu-larly inspired move to occupy the deco folly at Brixton, with the "theatre unit" geometri-

cally encased on a different plane and angle to the soaring reproduction of the Venetian Rialto.

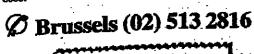
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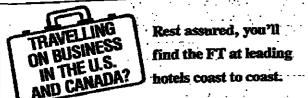
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ARTS GUIDE

landscape scheme that even manages to make the car park

sors will recommend? I hope

they will be brave and give

Warwickshire an inspired creation that is full-blooded and

yet full of understanding of the spirit of this man made land-

Who knows what the asses-

ularly to this difficult site

where his submission has strong overtones of his Staats-

galerie in Stutigart — although he recently came second in the competition for the opera

Henning Larsen is a Scandi-navian architect best known

for his fortress-like Ministry of Foreign Affairs in Riyadh, Saudi Arabia. He has a modern

way of abstracting historical

form and his scheme exhibits a

powerful cubist geometry not unrelated to the Scandinavian

classical revival earlier this

The two strong runners are

chaste, classical feel to Evans and Shalev's design, that

house in Toronto.

century.

MUSIC

London-

London Concert Orchestra conducted by Barry Wordsworth, with Stephanie Grey (violin) playing Mendelssohn, Handel, panying memorasonin, Hanner, Bruch and Beethoven, Barbican Centre (Tue) (628 8391) Moscow Sololats conducted by Yuri Bashmet playing Schoen-berg, Britten and Tchailcovsky. Barbican Centre (Wed) (638 8391) London Syrothomy Occidents Loadon Sylambony Orchestra conducted by Bramwell Tovey at the finals of the Shell LSO music scholarships. Bartilcan Centre (Thur) (638 8891)

Carl Maria von Weber's chamber music, concert and discussion. (Mon 7pm) Andhorium des Halles. (Paris Festival (4804801, info. in English 47208898). National Choir, University Par-is-Surbouris Choir, said Orchestra. National Caote, University Fac-is-Sorbound Choir and Orchestra conducted by Jacques Carimbert (Wed) Saint-Severin Church. (Paris Festival (49049901, info. in English 47208999)

Summer festivals in France.

in France.
Orangerie de Scieux in the Paris region. July 22 - Sept 3 (46600779).
Saintes in the West, July 7 - 16 (46625136). La Chaise-Dieu in Anvergne, Aug 23-30 (71000116). Beauma in Burgundy, June 30-July 22 (80222451). Montpellier, July 11 - Aug 2 (65,28383). Saint-Jean-de-Luz, Aug 30 - Sept tpeller, July 11 - Aug 2

Goethary Plano Festival, July 2 - July 12 (59265650). Provence, Cote d'Azur. July 7 - Ang 8 (90342424). Avignon, July 12 - Ang 8 (90862443). (90862443). Aix-en-Provence, 10 - 30 July

(42283781). La Roque d'Antheron, Aug 1-23rd (42505115). enton, Aug 5 - 31 (93575700).

BRT Philharmonic Orchestra conducted by Fernand Terby with Geert de Rivre (cello) and louisa Van Dessel (horn) playing works of Beethoven, Schumann and Richard Strauss. (Mon) Maison de la Radio. BRT Philliannonie Orchestra

conducted by Fernand Terby with Peter Devos (cello) and Sabina Uytterhoeven (clarinet) playing Milhand, Poot and Ver-H. (Tues) Maison de la Quatuor de Contrebasses de

enamor de Compresses de Brunelles performing works of Bottesmi, Cappelleti, Gounod, Handel. (Wed) Botel de Ville. Huy Chamber Orchestra con-ducted by Jean-Claude Kromen-acker with Andre Isselee (finte) and Meiko Migazawa (plano) works of Mozart Barvaux (Sat) 086 - 40 01 11.

Bad Kissingen Summer Festival Until July 16.
A local politicism proposed an
"East meets West" festival
because of Bad Klastingen's closeness to the East German border.
The fourth festival concentrates

on Russia. Amon those appearing are the Dresden Philharmonic Orchestra, Dresden Baroque Soloists, Georgian Chamber Orchestra, Moscow Radio Orchestra and the Rascher Saxophone Quartett. Soloists include Heinrich Schiff, Vladimir Krainjev, Vladimir Achbaragus Pamela Vladimir Ashkenazy, Pamela Coburn, Andreas Schmidt, Juri

Coburn, Andreas Schmidt, Juri Bashmet, Dmitri Sitkovetsky, Slegfried Jerusalem and Wal-traud Meier. There are two operas, Mozart's Die Entführung aus dem Serail and Handel's Rin-aldo; also workshops and mati-nees with young Russian musi-cians and composers.

Wiener Mozart Orchester in period costume. Mozart, Konzer-thaus. (Wed.) thans. (Wed.)
Wiener Hofburg Orchester, conducted by Gert Hofburg. Miscellaneous operetta and walizes.

Konzerthaus. (Wed, Thurs). The Royal Philharmonic Orche tra from Flanders, conducted by Gunther Neuhold. Johann Strauss, Brahms, Arkadenhof, (Tues, Thurs). Wiener Trio. Hummel, Paganini, Pleyel, Britten. Palais Palfy.

Rome

Santa Cecilia Orchestra con-ducted by Carlo Rizzi playingRosnucleo by Carlo Russi playing nus-sini's Tancredi Overture and Cavatina (with Soprano Joyce-Mariani), William Tell Symphony and Verdi's Stabat Mater and Te Deumfrom Quattro Pezzi Secri. Piazza del Campidoglio (Wed, Thurs.) (654 1094) Two Worlds Festival, Midday

day at the Teatro Calo Melisso. (3210288)

July 7-July 13

Mostly Mozart Festival Orches-tra conducted by Gerard Schwarz with Ishak Periman (violin), Moz-art, Bach. Avery Fisher Hall (Tue) (574 2424) Izhak Periman violin recital with Jessey Fellubactus (viceo). Joseph Kalichstein (piano). Moart programme. Avery Fisher Hall (Thur) (874 2424)

Ravinia Festival. Beaux Arts Trio plays the complete piano trios of Beethoven (Mon, Tua,

wen)
Chicago Symphony conducted
by James Conlon with Susan
Dunn (soprano), Ben Heppner
(tenor), John Check (baritone) and the Chicago Symphony Cho-rus directed by Margaret Hillis. Beethoven programme (Thur). Highland Park (728 4642)

Tokyo

Shinsei Nikon Symphony Orchesira, conducted by Ondrej Lenard. Mahler. Suntory Hall lenard, stanier, Suntory Figure (Mon) (988 1558). Radio Symphonie Orchester Ber-lin, conducted by Eliahu Inbal, Mahler, Schubert, Bruckner. (Wed) Suntory Hall (505 2222). Yominri Nippon Symphony Orchestra, conducted by Jan Pascal Tortelier, with Josef Suk (violin), Mozart, Berlioz, Suntory (Volum, Muzart, Serindo. Suntor; Hail (Thurs) (270 6191). Krzysiztof Jablonski (piano). Rachmaninov, Scriabin, Chopin. Tokyo Bunka Kalkan, Recital Hail (Thurs) (401 9561).

Race is on for the Pru

The finalists have been selected and the race is on for the Prudential Arts Award for 1989, worth £75,000 to the winning company, and the largest arts competition in the UK. Representatives from five art forms - opera, dance, theatre, music and the visual arts have been chosen in recognition of their contribution to innovation and creativity, and each receives a compens £25,000. One will scoop the jackpot at an award ceremony on October 29 at the Grosvenor House in London.

The winner in dance was Rambert, which pipped DV8 Physical Theatre; Harehills Dance Umbrella; the Place; and the Yolande Snaith Theatre. The winner in music was the Almeida, over the CBSO; the Nash Ensemble; the Royal Liverpool Philharmonic; and the Scottish Chamber Orchestra. In opera, the ENO gained the verdict ahead of Opera North and Vocem; and in the visual arts the environmentaly-based Common Ground was selected against Hospital Arts of the Isle of Wight; the Public Arts Development Trust; River-

Department. The only finalist from outside London is Communicado Theatre of Edinburgh, winner in drama. Short listed in this sector, which attracted over 80 of the 235 nominations, were Cheek by Jowl; Derby Play-house; Welfare State; the Gate

side Studios; and Sheffield Arts

Theatre at Notting Hill, and the Royal Court. All the judges, who included Melvyn Bragg and Sir John Tooley, stressed that in their tours of the country they found arts organisations battling on precariously in the face of declining subsidy, forced to spend too much time raising

Antony Thorncroft

Alternative awards

At the Mermaid in London last night Time Out and the television programme 01-for London organised an alternative awards ceremony for achievements in the capital's avant-garde. There are no categories, just 20 winners, including director Max Stafford-Clark for Our Country's Good and Icecream and for generally keep-ing the Royal Court Theatre going. Niall Buggy was applauded for his performance as Casimir in Brien Friel's Aristocrats at the Hampstead Theatre, while writer Stephen Jeffreys was recognised for his

play Valued Friends Other winners were Annabel Arden for her role in the Théâtre de Complicité's The Visit; Simon Vincenzi for his design for Germinal produced by Paine's Plough; Roy Hutch-ins for his work in Heathcote Williams' poem Whale Nation.

FINANCIAL TIMES

Monday July 10 1989

Western aid for Poland

MONEY is not everything. President George Bush will tall his Polish and Hungarian hosts this week. They will think this is the rich West weaseling its way out of backing the democracy it wants with the money it does not want to give. Indeed, the West should part with more money than it is planning to. But much more is

On present trends, the east European reformers - particularly the increasingly desperate Poles - cannot expect very much. The IMF, which has had a horrified crawl over the Polish economy recently, wants no part of the "new Marshall Plan" which has been talked up in both east and western European circles. The World Bank has some \$300m ear-marked for projects, but that is all. The Paris Club of Western governments will reschedule its \$25bn share of Poland's \$39bn debt, which probably means forgetting about it, or - as West Germany has already promised to do with the \$500m special loan it has been haggi-ing over for some time - converting it into some kind of foreign-owned capital within Poland. President Bush will push the Paris Club towards rescheduling before the IMF agrees a programme with Poland – a rare concession for a country in this shape. But no big gestures can be expected.

Hopeful hosts

President Bush's trips have been talked down in advance by US officials who have realised that his hosts are looking for much more than they are thinking of giving. For its part, the US is anxious to pass the parcel to western Europe, whose politicians have talked about how much they like the new freedoms being developed across the border and whose

Should western Europe pick up the challenge? Yes, but on

Neither Poland nor Hungary are any longer properly gov-erned by their Communist Parties, nor are they proper command economies. Both were in the 1970s. Then the West shovelled in money, accepting the countries' own estimate that the heavy industry created would pay back the interest

and capital and then some. Now, both the reformers and the opposition in these countries are looking to integrate their economies as fast and as far as possible into that of western Europe. They have thrown their eggs into the Westernising basket: and the reformers have gambled so heavily on the success of this strategy, that if it fails, they have nowhere else to go. For this, reactionaries are waiting.

Sceptical masses

The West's help is needed to assist these economies get out of the trough in which they are wallowing. They need some government-to-government aid: plenty of private projects; a lot of expertise. If they do not get it, the mass of people who wait with a well-founded scepticism for something different to hap-pen will conclude that this is merely one more trick to keep the regime in power, and seek to destroy reformers and con-servatives alike.

Of course that help must be severely conditional. Addi-tional capital will load these countries down with yet more deadweight debt, unless it serves as midwife to the birth of a market economy. Used as a vehicle for cajoling the Poles and Hungarians in that direc-tion, such assistance would prove to be commercial in a way in which the 1970s loans never were, by being politically interventionist in a way in which the 1970s "international realities" (the Soviet Union) could never allow.

Political pluralism has been linked, by the Poles and Hungarians themselves, to the market. They are right. A properly functioning market needs the kind of "bourgeols rights," and the primacy of the law over Party, which underpins both commercial and individual freedom. The emergence of the market will need planning, but the first step — the establish-ment of clear property rights — is inescapable.

The east European reformers ask us to put our money and our expertise where our mouths have long been. We should do so, but only once we are sure that they, too, are engaging more than just their mouths.

Policing in the 1990s

SIR PETER Imbert, the Commissioner of the Metropolitan Police, last week put his weight behind calls for a reform of the structure of Britain's police service. The present degree of decentralisa-tion, he suggested, is no longer efficient in view of the growing sophistication of organised crime and the moves towards greater European integration.

At first sight, the structure of Britain's police service looks hard to defend. In England and Wales there are 43 independent police forces with different pol-icles and practices. The biggest — the Metropolitan Police — is responsible for the London area, but not for the square mile of the City of London, which has its own tiny force The local forces are supported by a hodge-podge of umbrella agencies such as the Regional Crime Squads, the National Drugs Intelligence Unit and

the Serious Fraud Office.

Mr John Wheeler, the chair-man of the House of Commons Home Affairs Select Committee, has argued for the creation of just six regional police forces. In most European countries, he points out, if you ask what is the policy for dealing with a certain type of crime, you get a single answer. But in Britain you get 43 answers from 43 different chief constables. Several senior police offi-cers see the fragmentation of obstacle to greater co-operation with European forces which will be necessary as barriers to the movement of goods and people are removed.

Organised crime

Sir Peter is concerned not with European integration per se but with the challenge it presents in conjunction with changes in the nature of organised crime. In the 1960s and 1970s, he says, organised crime was mainly the preserve of par-ticular criminal families and their associates. The response to such criminals, who regularly crossed metropolitan and county boundaries, was the creation of the Regional Crime

But the surge in drug smug-gling in the 1980s led to a change in the scale and sophistication of organised crime. Criminal elements in different countries forged links and ally and along strict business lines. In the large groups, indi-viduals specialise in operations (acquisition, marketing and distribution) while other professionals provide support services (finance, accounting and legal). The money laundering schemes devised are gradually penetrating and corrupting legitimate businesses and financial institutions.

Soft touch

Such groups, suggests Sir Peter, will establish them-selves wherever jurisdictions are least able to combat their activities. Britain, attractive because it is part of the lucrative European market place, stands out as a particularly soft touch. There is no national strategy for fighting organised crime, no agency comparable with the US Federal Bureau of investigation. Many of the 43 separate police forces have neither the resources nor exper-

tise to mount prolonged and complex investigations. The arguments in favour of rationalisation of Britain's police service thus look strong. Yet there are also strong reasons for maintaining the status quo. The lesson of the 1980s has been that the effective fighting of ordinary crime -muggings, burglaries and robberies -requires the active par-ticipation of local communis. Individual forces attuned to local needs and accountable to local people are likely to be more efficient in combatting such crimes than a remote monolithic force. When so much else is being centralised,

it is also reassuring to know that operational responsibility for law and order is dispersed. Sir Peter accepts this and does not argue for a national police force or even for regional mergers. His point is that a sharp distinction must be drawn between ordinary street crime, which the British police are relatively well placed to combat, and international organised crime, which is well beyond the competence of many local forces. The seri-ousness of this threat is hard for outsiders to assess; but if Sir Peter's anxiety is well-founded the case for some form of national detection agency, embracing bodies such as the Regional Crime Squads and the National Drugs Intelligence

"MADRID got us off the drawing board and on to the building site," rejoiced a senior European Commis sion official after last month's EC

summit in the Spanish capital.

But there is precious little agreement on what the final edifice of economic and monetary union (Emu) should look like, even though the chief engineers – finance ministers of the Twelve – today hold their first discussion about the construction

This is because there is no single blueprint for the whole Emu process. All EC leaders, including Mrs Margaret Thatcher, agreed that a first phase of closer economic and monetary co-operation should follow that the Delow properties of that outlined in the Delors report, and that it should start on July 1 1990, the deadline for removal of all capital controls in most EC countries. But there was no consensus on the con-tent or timing of subsequent stages – only that work on such stages should start now to lay the ground for a treaty-revising conference of the 12 governments, and that "the conference would meet once the first stage

ence would meet once the first stage had begun and would be preceded by full and adequate preparation."

To listen to President Mitterrand at Madrid, one could imagine he would be happy to see the inter-governmental conference convene on July 2 1990—the first day possible under the Madrid timetable—and finish on July 3. On the other extreme. Mrs. July 3. On the other extreme, Mrs Thatcher would be quite content to see an inter-governmental conference postponed until the next century. Most other leaders seem to envisage it coming some time in the early to mid-1990s. Compounding this is the fact that treaty revision requires una-

nimity among the Twelve. Clearly, though, there is now a considerable head of political steam to change the monetary status quo in Europe. It is generated by two main concerns. One is the increasing restiveness of France and Italy that, valuable though their membership of the European Monetary System (EMS) the European Monetary System (EMS) has been in damping their inflation, they have little say in an EMS in practice run by the West German Bundesbank. It was Franco-Italian pressure, aided and abetted by Mr Hans Dietrich Genscher, the West German foreign minister (interested in a beavier West European anchor in a heavier West European anchor for his diplomatic overtures to East-ern Europe) that was instrumental in setting up the Delors monetary study

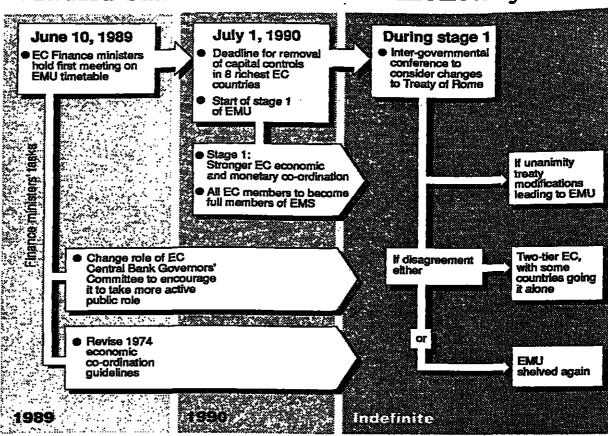
group a year ago.

The second, more general concern is the capacity of the nine currencies in the EMS parity grid to hold together, within their various margins, after July 1 next year when the eight richest of the 12 member states are committed to removing all controls on the movement of money. France continues to make occasional threats to renege on its commitment unless it gets some safeguards against the flight of tax-shy money. Italy faces a higger adjustment problem because its chronic budget deficits have been financed largely out of captive domes-tic savings. Neither country, however, could back out of its liberalisation pledge without totally undermining its campaign for faster movement

towards monetary union.

But stage one of the Delors plan could well herald a rougher ride for the EMS, if capital liberalisation is combined with participation of all currencies, including sterling, in the system, and if both coincide with what now looks to be an end to a long what now looks to be an end to a long period of economic convergence between the Twelve. Therefore. number of governments - not only in Paris and Rome, but also in Brussels and Madrid - seem to want some assurance that, however unpleasant stage one, it will lead quite quickly to a further phase in which they will be able to regain, via a European central banking system, some of the monetary policy-making power they have increasingly lost to the EMS's ringmasters at the Bundesbank in Frank-

David Buchan begins a series on the EC's Madrid summit decision on monetary union



Building from a disputed blueprint

furt. President Mitterrand appeared to be seeking just such an assurance when he vainly tried at the Madrid summit to attach some precise date to the calling of the inter-governmental

If the European Community is to get further than a first stage move to Emu — of which it has had plenty in the past — then a number of compromises will have to be made. The most important of these is the degree to which co-ordination of economic policy must match that of monetary policy. Mrs Thatcher has said this would be "the biggest transfer of sovereignty we've ever had" and warned, probably rightly, that the British House of Commons would never accept it.

The issue arises, in fact, even in the preparations for the first stage. As part of this, EC finance ministers are to revise two earlier decisions, and the new French presidency has said it wants the revisions done by the end of this year. The 1964 decision creating the EC Central Bank Governors Committee is to be changed to encourage it to take a more active, and more public, role in formulating an overall monetary and exchange rate policy, and in expressing, perhaps publicly, opinions to individual governments and the EC Council of Ministers as a whole. The committee might also, if the Delors suggestions are followed. submit an annual report to EC summits and to the European Parliament.

If finance ministers agree to let their central bankers take a more public role – and if the latter adjust to the glare of the limelight – the rest may be relatively easy. For co-operation is now second nature to Community central bankers. Even if it was not already, integration of the EC financial market makes it so. In one of the most revealing passages of its report, the central banker-dominated Delors committee wrote: "Once every banking institution in the Community is free to to accept deposits from, and to grant loans to, any customer in the Community and in any of the national currencies, the large degree of territo-rial coincidence between a national bank's area of jurisdiction, the area in which its currency is used and the area in which its' banking system operates will be lost."



to monetary union Similar economic policy co-ordina-

tion between finance ministers is ite a different matter. Their imme diate task, in stage one, is to revise their 1974 decision "on the attainment of a high degree of convergence of the economic policies" of the member states. This set out a ludicrously detailed procedure whereby the Council would three times a year set out budget targets for individual countries to follow. It was a spillover of the rhetoric of the over-ambitious 1970 Werner plan for Emu within a decade,

in Keynesian demand management and fine-tuning, and a mark of an initial desire of member states to hud-dle together against the impact of the 1973 oil price shock. It has never been followed. If it were, then today's EC finance ministers meeting, which will get one of the Commission's thriceyearly economic reports (required under the 1974 decision), would put Italy, Greece, Belgium, Ireland and Portugal in the dock for their 1989 budget deficits.

Presumably, the aim of revising the

1974 decision is to relax the economic co-ordination guidelines so as to make them more realistic, and thus to make them more realistic, and thus to make them stick. The only problem is that later stages of the Delors plan call for precisely this kind of tight co-ordina-tion, and eventually "directly enforce-able decisions... to impose con-straints on national budgets." This is the cort of language that makes Marthe sort of language that makes Mrs Thatcher bridle, and makes finance ministers and Treasury officials in several EC states feel that the central bankers took leave of their political senses in writing it into the Delors report. Even Belgium, enthusiastic as it is in favour of the Delors report, has discovered that the report recom-mends a greater central EC control over member states' budgets than the Belgian state now has over the regional budgets of Flanders, Wallonia and Brussels.

In saying that his committee's report should not be taken as the bible, Mr Delors has suggested that its proposed economic rules could be made "less binding." This is hardly surprising, since some of the stipula-

tions about matching economic co-ordination were written into the report at the insistence of Mr Karl Otto Föhl the Bundesbank president, and against Mr Delors' will.

against Mr Delors will.

However, it is most unlikely that the Commission, or many other member states, would go as far as to endorse the sort of lop-sided plan—Community co-ordination of monetary policy but with retained national control over taxing and spending. trol over taxing and spending - that Mrs Thatcher looks likely to present to any inter-governmental conference, to any inter-governmental conference; in pondering Emu over the years, the Commission has looked at many federal systems around the world. Its general conclusion is that, except in Australia, individual states can, and do, retain independence in setting the propering and together.

borrowing, spending and taxation.
On the other hand, all other federations (the US, Canada, West Germany, Switzerland) have much larger cen-tral budgets than the Community, which after a doubling of EC structural aid to poorer regions in four years time will only reach perhaps 3 per cent of Community gross domesper cent of Community gross domestic product. Therefore, as one Commission official puts it, the Community needs to "mimic" the
macroeconomic effect of other federations' large central budgets by getting
its 12 member states to co-ordinate
their budgetary positions.

There are three other challenges
posed by the Delors report. The first
is its call — endorsed very explicitly
at the Madrid summit by the leaders
of Portugal, Greece and Ireland — for
a still greater transfer of resources

a still greater transfer of resources from rich to poor countries or regions inside a European economic and mon-etary union. West Germany and the Netherlands, even more than the UK (which is a partial beneficiary of such

aid), seem stoutly opposed to this. The second is its call for a strength ened competition policy, of which Mrs ened competition poncy, or which are Thatcher has emerged as the keenest supporter. The issue here is not pri-vate business restrictive practices or cartels, but state aids to companies which governments might well be tempted to step up, once exchange rate adjustments disappear as a means of boosting their exports. The Commission, under its competition chief, Sir Leon Brittan, is cracking down on state aids, but they remain a considerable problem in countries such as West Germany or Italy. The third is the call for "wage flexi-

bility and labour mobility . . . to eliminate differences in competitive ness" among member states. The Community needs to ask itself whather these aims will be served by the Commission's proposed social charter. Some of the charter's aims would clearly enhance labour mobility, such as greater transferability of pension rights; others, like a uniform minimum working age, might reduce certain countries' competitiveness. For instance, socially laudable though it would be for young Portuguese to start work at 16, instead of at 14 (as start work at 16, instead of at 14 (as they can at present), raising the minimum by two years to conform with the proposed charter could well pose problems for Portugal's economy.

In the short term, the rate of progress towards Emm will be determined

by how rough a ride stage one proves be. The rougher it is, the more the predominantly southern Latin camp will want to move ahead to institutional change, but the more the north-ern countries will shrink from that. Progress in the longer term depends on finding a compromise balance between economic and monetary policy co-ordination.

At the end of the road lies the ques

tion of the democratic accountability of whatever new institutions are created at Community level. The European Parliament seems the only logical instrument. But it would indeed mean a massive transfer of power from national legislatures to Strasbourg. This underscores the real point that Mr Pöhl seems to be making economic and monetary union comes very close to political union.

Rallying to the women

■ Parting thought from Wimbledon: in terms of entertainment value, the gap between top class women's singles and the men appears to be widening - in favour of the women.

Not only are men's singles often interminably long, dom-inating the day's programme in a way which disappoints at least some centre court visitors; there is also a robot-like quality about some of the men's matches which contrasts with the variety and grace of the women. The semi-final between Becker and Lendl, for instance, was the familiar crash-bang routine - big serve, big return, with no margin for error. On the rare occasion when more than two strokes were played, there were some exciting moments, but it was more a matter of desperate dives and lunges than a carefully-crafted rally. The Graf-Navratilova match, though played at high speed,

though player at high speed, had genuine rallies, in which the players probed for each other's weaknesses, waited for the right moment to attack the net and applied some thought and imagination to the game. Perhaps the men need another Borg to re-establish the virtues of ground strokes strong enough to undermine the tedious technique of servevolley. Until then, the women

deserve pride of place.

Tory past Not Always with the Pack, the memoirs of the Tory MP, Dennis Walters, will be reviewed in its proper place. But it contains at least one story worth telling separately. Walters was the assistant to Lord Hailsham when the latter was Chairman of the party. Hailsham wanted to secure a seat for Peter Goldman, the Director of the Conservative

Political Centre, and when Fin-

OBSERVER chley came up for the 1959 general election, he got him on the short list. Another candi-BANX date was Margaret Thatcher, of whom Hallsham had never 0 heard, but he agreed that she

heard, but he agreed that she looked all right on paper. In that most Jewish of constituen-cies, the outgoing MP then complained volubly to Central Office: "You're asking us to choose between a bloody Jew and a bloody woman." Hailsham, incidentally, also tried to stop Paul Channon, now the Transport Secretary, being selected for the Southend by election in January 1959: again in favour of the luckless Goldman, who went on to lose the by-election in Orpington.

Fiat Chair

■ Almost nothing is quite as smooth as Anglo-Italian relations at their best. Witness the way Fiat has just put up \$2700,000 to maintain the Serena 2.00,000 to maintain the serent Chair in Italian Studies at the University of Oxford. The chair had been vacant since 1987, when Professor Cecil Grayson retired after holding it for

nearly 30 years.
Its continued funding was one of the goals of the University's £220m appeal, launched last October. But this was a

case of quiet diplomacy.
Lord Jenkins of Hillhead,
the former President of the
European Commission and
now Oxford's Chancellor, now Oxford's Chancellor, spoke to Francesco Cossiga when the Italian President went to Oxford to receive an honorary doctorate. Cossiga needed little converting to the cause and simply asked the Italian Embassy in London to help find a benefactor. ranian ismpassy in London to help find a benefactor. The breakthrough was due to Count Pietro Antonelli, a director of Hambros Bank, who

has been looking after the bank's extensive Italian inter-

the summer of discontent, Daddy? ests from London since 1971. Antonelli does not like the idea of so many of his countrymen flocking to Harvard and other top US universities to complete their education. He reckons they return schooled to think

Antonelli also has rather good contacts. He was a boy-hood friend of Gianni Agnelli, the head of Fiat. A telephone call was made and, Antonelli says, "the reply was very quick." The Oxford Chair of Italian Studies will now be known as the Fiat Serena

Free French

■ France can be rather generous about harbouring political dissidents, but the country does not always win many thanks. The Ayatollah Khomeini, the recently deceased spiritual leader of Iran, enjoyed French hospitality during the



"What did you do during

■ Peter Clark of the Ogilvy Group disputes my anecdotal evidence (offered last Friday) that no one seems to be blam-ing the unions for the current spate of transport strikes. He writes: "I blame the unions. My brothers blame the unions as Americans, not as Europe-ans. Oxford is his preference. My work colleagues blame the unions. People down the pub blame unions for the strikes. Obviously management shares this blame, but they have not decided to make the general public hostages to their own intransigence. As I was saying down the pub last night, I would sack the lot of them,

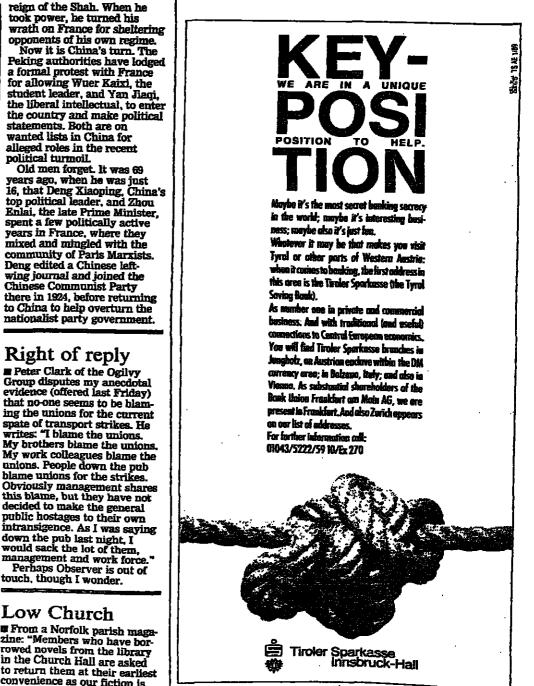
Chinese Communist Party

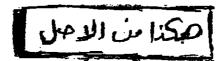
Right of reply

Low Church

touch, though I wonder.

From a Norfolk parish magazine: "Members who have borrowed novels from the library in the Church Hall are asked to return them at their earliest convenience as our fiction is very low and there is a great





The miners' strike in Virginia has degenerated into an industrial war, reports James Buchan

A marriage of coal and violence

n the stifling green valleys of south-western Virginia, you can tell there is a war on because the only people you see are in uniform. The men and women on strike since April from the Pittston coal mines wear camouflage fatigues and so do their children. The private security men hired by Pittston wear tight blue jump-suits and peaked caps. The state troopers dress like state troop-

"I'll tell you why these guys wear camouflage," says a local strike supporter, as he drives a steady 12 miles an hour past the entrance to the McClure No. 1 mine. "First, if you have three or four hundred miners have three or four hundred miners lined up at the mine entrance and maybe a guy chucks a jack-rock in the highway, the state troopers can't tell who from who. Second, you can have some concealment in the timber up there, which helps quite a bit."

A jack-rock is three or four thresinch nails bent and welded at the centre, like the child's same of jacks only

first tails ear and wence at the cen-tre, like the child's game of jacks only bigger. Unlike a toy jack, it will rip the tyre clean off a coal truck: pieces of tyre lie in champs of day-likes at intervals along the McClure Creek The miners' other weapon is what Mr Mike Odom, president of the Pittston Coal Group calls a "rolling blockade" of his coal trucks and this is why we are driving at 12 miles an hour along

The state of the s

BOR BE

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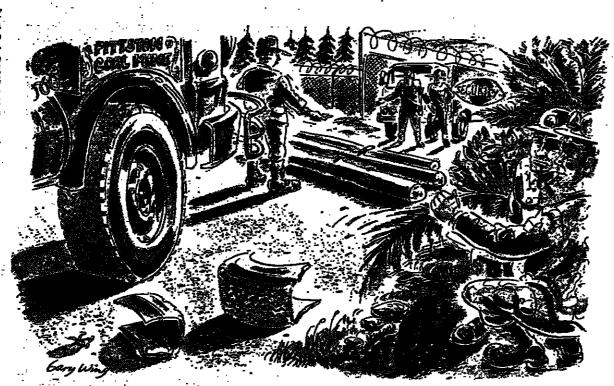
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the narrow lane above the mine.
At the back of the mile-long convoy are four puffing trucks carrying untreated coal from McClure No. 1. In the deep woods on each side, a flicker of movement betrays a group of min-ers watching and waiting. Two bine-suited guards from the Vance Secu-rity Asset Protection Team — "Fast, Efficient, Professional," says the liter-ature — photograph the miners' cars in the blockade.

Trees are felled across the road. Cab drivers have been beaten up. A coal truck was hit by small arms fire on June 9. Somebody fire-hombed a mine supervisor's pick-up on June 28. Nine of the miners have ended up in heavital one greened by a bullet the hospital, one grazed by a bullet, the others hit by vehicles. Mr Joe Lee Baker, publisher of the Cumberland Times in nearby Clintwood, says: "Somebody is about to get killed

Coal and violence have always been inseparable in the US. More than 100,000 men have died in American coal mines over the years, seven of them in an explosion right underfoot at McClure No. 1 in 1983. Many more died in the bloody struggles to organ-ise the men into United Mine Workers

of America. The deep gorges of Russell and Dickenson Counties resisted union organisers in the 1930s and 1940s but they are now fighting Pittston with a cussedness that has startled and impressed union people in Washing-



ton. "The mountain people may not necessarily be meaner than hell," says Mr Baker, who is 62 and a former miner and lawman. "But it's a mis-take to mess with their livelihoods." This remote battle has struck a deep chord in other mineworkers and is causing some people to see a new militancy among US working people after the humiliations of the Reagan

Some 30,000 mineworkers in West Virginia, Kentucky, Tennessee, Indiana, Illinois and Pennsylvania have walked off the job in sympathy wild-cat strikes. Groups of steelworkers, who are growing increasingly restive as the health of their industry has improved, have been on the picket

lines near McClure No. 1. Mr John Long, a United Steelwork-ers official, said: "This strike is a family affair. If it's their turn now, it will be us next." A miner from Armstrong County, Pennsylvania, says: "This is like them air traffic controllers Reagan fired. We're fighting for our life." The strike began in April but it has been in preparation since the end of 1987, when talks on a new wage and benefits contract with the 1,695 miners working at Pittston broke down.

According to a letter read out at a local hearing, Mr Chuck Vance, a for-mer secret service agent who runs

Vance Security, told members of the Asset Protection Team in early 1988

that they would soon be deployed in strikes which "involve our old friends the United Mine Workers. We believe, as does the coal industry, that these will be long and bitter. Start getting ready and in shape to go into the coalfields."

After federal mediation, a sheaf of court orders and \$4.5m in fines against the union, the deployment of 400 state troopers and 2,500 arrests, the strike looks set to be every hit as

This battle is causing some to see a new militancy among US working people after the Reagan era humiliations

long and bitter as Mr Vance predicted.
Pitiston, a medium-sized conglom-erate based in the New York suburbs, left the industry's bargaining group, the Bituminous Coal Operators Association as long ago as 1986. It is demanding more "flexible" operations to help it compete in international markets for the metallurgical coal it mines from Appalachia. It says it wants compulsory overtime and a Sunday shift, the right to contract more work to non-union operators and lower contributions to health and

Mr Odom, a 38-year-old mining engineer, says: "We are quite different from the BCOA companies. Two-thirds of our total production goes outside the US to the world steel industry and we have to compete with every company in the world on tons and price. When you are out trying to sell a lump of coal abroad, the first thing the customer asks you is: Is it union or non-union? If it's union, well, it's clear they think that's not a

reliable source." The union says Pittston is a corporate bully which is unravelling the web of health and pension benefits which the union negotiated with the Federal government in the late 1940s. It is demolishing job security in one of the most insecure occupations of all. And the company, which has diversified out of coal into such businesses as Brinks security and Burlington Air Express freight, has com-pletely lost touch with Appalachia.

"What these people in Greenwich don't realise," says Mr Joe Corcoran, the union spokesman, "is that the company pensioners are not an amorphous, unidentified bunch of people in Miami: they're these guys faithers and widowed second and the said th widowed grandmothers and they're living together in some hollow of these mountains. To use pensioners as a stick to beat the working people has really appalled Appalachta."

The union has also seized on the working is it."

whit get miant at a say stop thing out of a vegetable patch plate of weeds. Let's face it, ain't any job unless you want to at Hardee's at the minimum Round here, coal mining is it."

issue of Sunday working in an area which has more churches than you ever believed possible: Free Will Baptists, Primitive Baptists, Missionary Baptists, Central Baptists, Methodists, Presbyterians, Catholics and Jeho-

At heart, the union fears that if Pittston succeeds, the higger compa-nies in the industry bargaining group — such as Amax or Peabody Coal may follow suit. Already, the union share of coal mined in the US has fallen to less than half as hig opencast operations in the non-union west have taken a large piece of the steam coal market. "It is quite clear they are trying to break the union," Mr Cor-

But the mountain people have presented Mr Richard Trumka, the mine-workers' president, with a perplexing challenge. Since taking over in 1982, Mr Trumka, a 39-year-old lawyer, has brought stability to an organisation which spent the 1960s and 1970s in a series of vicious internal battles. An adent and imaginative negotiator, Mr Trumka secured two new wage contracts from the mineowners' group without the disruptions that had been an inseparable part of the coal bar-gaining round.

Now the wild-cat strikes against those mines with which the union does have a contract threaten the very stability that Mr Trumka has worked to achieve. On June 28, a Fed-eral court in West Virginia declared the wild-cat strikes illegal. But it is hard to believe that the union could force the rank-and-file back to work, even if it wanted to. In Russell County, hundreds of out-of-state miners have set up camp in a remote camp-ground that looks like a Depression revival meeting. They like to say they are tourists. "It's a crying shame," said a 46-year-old miner, "if we tourists can't drive along these roads we pay taxes on without being harrassed by the state troopers and these Soldier-of-Fortune guys from

But for all the disruption, there is no sign yet that either Pittston or the mainstream coal companies are truly feeling the pinch. On Wall Street, Pittston stock has risen 15 per cent this year. It is the valleys of Russell and Dickenson Counties, where income per-head is two-thirds of the national average, that are hurting.

Says Mr Baker: "I guess coal min-

ing takes care of pretty well all of us, down to the grocery business and the department store business and printers like me. You can't get a plough up these hills. It's so wet this year you won't get much of a hay crop or any-thing out of a vegetable patch but a plate of weeds. Let's face it, there ain't any job unless you want to work at Hardee's at the minimum wage.

LOMBARD

Cheap money is bad for you

By Richard Lambert

ATTEMPTS to speed up economic growth by subsidising interest rates so as to encourage a higher rate of spending on plant and capital equipment are likely to end in

This is the conclusion of an analysis in the World Bank's latest World Development Report, and it contains important messages for policy-makers in the industrialised as well as the developing world.
A study of how 33 developing

A study of now 33 developing countries performed between 1974 and 1985 suggests that in many cases artificially low interest rates were actually an obstacle to economic progress. Examples of some of the larger countries are shown in the

countries are shown in the chart below.
Moreover, although the figures show that there is a link between the rate of capital investment and economic growth, it is rather a weak one. What matters far more is the productivity of that new investment how efficiently the equipment is used, and what can be squeezed out of it.

The growth rate of those

countries with positive real interest rates was considerably higher on average than the others. Why should this be? One answer seems to be that positive interest rates encour-age financial saving, and there-

for lead to a build-up of liquid assets and liabilities within an economy. It is no coincidence that the poorest countries tend to be those with the lowest ratio of liquid Habilitles (such as savings deposits) to their gross national product.

works efficiently - financiers select the right investments and managers know their jobs - the outcome of healthy savings levels should be that finance will flow to the most viable projects, thereby

increasing the average productivity of investment. The study shows that positive interest rates appear to help growth mainly by improv-ing the quality of investment rather than simply by increas-ing the quantity of capital

spending.
Although the rate of investment was only 17 per cent higher in the countries with positive real rates, the average productivity of their invest-ment was almost four times higher. If you have to pay a market rate for your money then you will want to be as sure as possible that you are going to get a market return

It is also the case that many of the countries with positive real rates had more stable macroeconomic policies and more open trading systems than the rest, which would have had a positive impact on their growth.

By contrast, the countries which hammer their financial systems by pushing interest rates to artificially low levels often suffer serious distortions in other sectors of their economy as well, especially at times of high inflation.

All this does not mean that high real interest rates are necessarily good for you. But what does seem clear is that artifi-cially low rates can poison an

Provided that the system Real interest rates and productivity Positive real interest rates Moderately negative real interest rates (0 to -5%) Strongly negative real interest rates (less than -5%) GDP ga Portug stment/GDP (%)

Reality is elsewhere

From Mr David Blunkett MP. Sir, One aspect of the cover-age given to the state of the British economy worries me very much. This is the tendency of commentators and "economic correspondents" to concentrate almost wholly on

the City.
This is particularly marked in the broadcasting media, where such contributors would be better entitled "finance cor-respondents" to reflect the fact respondents" to reflect the fact that they almost never refer to what is happening to the man-ufacturing industry, and seem to have no first-hand know-

ledge of production.
A recent BBC Radio 4 phone-in programme on the state of the UK economy began with an introduction which included the words: "and our

trade balance has alipped into deficit." A greater understate ment could only be imagined with much difficulty.

Is it very naïve to presume that the real economy is about what we produce, and sall, and about how much we will still

Taken to the limit

From Mr Peter Brighton.
Sir, Will we never learn the lessons of post-war history?
After years of decline, British engineering companies are now performing better than at any time in the last decade. Yet as soon as we begin to improve efficiency and pose any kind of challenge to our main competitors, we are threatened with selective strikes at some of our top exporting and most success

155 per cent in the past 10 years, double the improvement on par with profit increases union leaders are now demand

their employees to share in success. We have already offered an hour and a half cut in the standard 39 hour week provided competitiveness is maintained and output unaffected. This offer alone would

week in Europe. Employers have been reasonable, but will not be irresponsi-ble. With UK productivity well below German, French, Japa-nese and US levels, a further cut in our competitiveness

would be spicidal. Union leaders say they want fewer hours, longer holidays, more pay. But these demands and their strike campaign will only produce fewer customers, fewer orders and fewer jobs in the UK. Will they never learn? Peter Brighton, Engineering Employers

customers "brand loyal" because of the sheer slog of changing from one bank to another. Consumer interest

Much as those of us working to relieve the effects of fuel. poverty would like to feel your article signalled a change of government thinking on these key issues, I fear that the real-ity will be less palatable. Given that there will be no additional funding or even spe-cifically identified funding for to the advantage of the banks.

energy efficiency measures and that council tenants will be excluded from grant aid, plus the fact that such grants will be discretionary, there are satious concerns about how many local authorities will make grants for energy efficiency measures available. The danger is that the only equality between council ten-ant and those in the private

ing their way through this e in order to sell a product This extensive tailoring of roducts is a device loaded in

least one standard service category against which banks should display their charges, much in the same way as pet-rol is currently graded with statutory standardised prod-

tues, of quality. Any takers? Geoff Crocker,



A new law firm has joined the top-20 with the merger of Taylor Garrett and Joynson-Hicks into Taylor Joynson Garrett.

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> Facsimile 02 514 50 44 Telex 27234

Grants for energy efficiency indeed if the Government

sir, You carry a report of a reply to a parliamentary ques-tion by Mr David Trippter, Junior Environment Minister ("Pledge to low-paid," June 29). Replying to a question about government action to help low income households keep warm, you report the Minister as saying that he was prepared to consider a more flexible atti-

cific allocations for such improvements in the housing

grants for energy efficiency measures through the homes measures through the homes insulation scheme and the energy grant have specific and separate allocations of finance and are funded 100 per cent by central government. From April 1990, local authorities will have to fund any grant aid for energy efficiency from their housing investment pro-gramme allocations, without any increase in those alloca-

Your article also states that ministers intend to introduce an amendment to the local government and housing bill to ensure council tenants and private tenants are treated

be producing in 20 years' time? If half as much coverage was given to what was happening to the creation of wealth as is given to its manipulation, we might come closer to understanding why, with Piper Alpha out of action, our economy performs so hadly in comparison with the Germans or

improvements to their own properties, and council tenants have been specifically excluded from eligibility for all types of grant aid.

sector will be the non-availabil-

ity of grant aid for emergy effi-ciency measures in large areas

Neighbourhood Energy Action,

of the country.

William Gillis

St Paul's Chambe St Paul's Parade,

From Mr William Gillis. intended to include council tenants in those eligible for Sir, You carry a report of a grant aid for energy efficiency ures, as they are under the present system. However, one of the main principles behind the legisla-tion is that local authorities should be responsible for

tude" towards councils' borrowing limits.
But in recent weeks environment ministers have stated categorically that they are not prepared to increase local housing authorities borrowing to fund energy efficiency improvements, or to make spe-

investment programme.

The situation now is that

ould be welcome news

ing the lowest working week for manual engineering workers anywhere in the industria-lised world - without any matching improvements in

Banking on quality

From Mr. Geoff Crocker.
Sir, David Lascelles (June 19)
highlights quality in retail
banking. How can customer satisfaction be low if stiff new competition stimulates banks efforts to provide quality?
New "products" to woo transient customers leave most

suffers. A simple system of regulation is needed to clarify product definition and pricing. Many new styles of custome account, and complex price dif-ferences between them, confuse the customer, who is thus unable to place funds or use services to best effect. This is

Bank prices are complex and arbitrary. All or nothing charges on personal accounts and annual re-negotiation of overdraft facilities, cannot follow cost curves. A host of charges per type of debit – for overdraft arrangements and warring letters. warning letters, Eurocheque credits, and interest charges interact with overdrawn status to complicate the calculation of

total consumer price. "Products" are complex and variable. One kind may offer a standard monthly charge, no unit debit charge, a tranche of free overdraft — but no interest on current account bal-ances. Another may offer "free" credit-only banking with

interest payments on current account balances.

Product specifications change quickly. Considerable product "bundling" also goes on in the areas of lower overdraft costs or "free" current accounts with a gold card Even branch managers are known to hesitate when find-

to a customer. the banks' favour. Few customers will be able to take advantage of placement of funds between accounts. The average customer changes banks proba-bly no more than twice a life time. Competition is a limited concept, despite building society entry to the sector.

Regulation could specify at

ucts and price displays.
Failing government regulation, voluntary codes of praccould emerge by persuasion. David Lascelles quotes a bank chief executive proclaim ing the necessity, if not the vir-

FINANCIAL TIMES

Monday July 10 1989



Janet Bush on Wall Street

Party givers throw off their weeds

"TO UNDERSCORE the informality of the occasion there had been placed, in the middle of each table, deep within the forest of crystal and silver, a basket woven from hardened vines in a highly rus-tic Appalachian Handicrafts manner. Wrapped around the vines, on the outside of the basket, was a profusion of wild flowers. In the centre of the basket were massed three or four dozen poppies.

"This faux-naif centerpiece was the trademark of Huck Thigg, the young florist, who would present the Bavardages with a bill for \$3,300 for this one dinner party.'

The inspiration for Huck Thigg in Tom Wolfe's The Bonfire of the Vanities is widely believed to be Renny Reynolds, the doyen of New York party planners who dreams up extravagances for the rich and famous from a townhouse on the Upper East Side of Manhattan done up in designer-old

Italian.
Mr Reynolds, dapperly dressed and charming, is proud to think that his skills have been immortalised in fiction but believes that Mr Wolfe's satire underestimated the extravagance of real life New

"There are people in New York who feel nothing about spending \$10,000 on flowers for a dinner party with 12 of their best chums," he says. Mr Reynolds, who has been

Mr Reynolds, who has been concocting lavish parties for 20 years, has on his list of regular clients many of the largest US corporations – General Motors and Pepsico, for example – and several of the most prominent Wall Street investment hanks

The most notable aspect of corporate entertaining – apart from the profligate amounts of money spent - is that many companies have thrown off their conservative weeds in favour of spectacle, opulence

and sophistication. "Corporations are moving away from brightly-lit rooms full of staid chrysanthemums and embracing a more roman tic approach. Candles used to be too romantic for corporate entertaining but they are perfectly acceptable now," says

Mr Reynolds. Cake the bash paid for h Dillon Read to celebate the closing of a deal with a French chemical company. Mr Reyn-olds's team gilded exotic fruits such as pineapples and arti-chokes and built them into pos-itively decadent table decorations complete with soaring candelabra. A caricaturist was on hand to sketch portraits of the cigar-smoking executives who later treated everyone with a series of skits, highlighting comic moments during

their negotiations. "We wanted something ele-gant, yet masculine, with an eye towards French sophistica-

Sometimes, the most pains-takingly planned events can go wrong. Mr Reynolds gave a deep sea flavour to a Merrill Lynch party held in the whale room of New York's Natural History Museum with each blue-clad table sporting orchid-filled fish tanks. "It was a disaster. There were quite a few no-shows and most people were too drunk to notice their table decorations," laughs Mr Reynolds. It was the evening of October 19, 1987.

Not every businessman believes in winning business through displays of opulence. Mr Bernard Leser, president of Conde Nast Publications, believes that it is inappropriate in his business to be flamboyant in a time of intense compe-tition and cost pressures. He also believes that it is unneces-

sary.
"We do not believe that we win a single extra page of advertising if we take a person out to lunch or buy him a drink," Mr Leser says. "In our business, we rely on the quality of our product."

Business entertaining on Wall Street has, with only the smallest hiccup immediately after the 1987 stock market crash, remained on a steeply rising opulence curve.

The lavish private lifestyles of leading investment bankers has only served to encourage extravagance in the name of

"There are a lot of people on ego trips, perhaps more so in New York than elsewhere. But you still find flamboyant people in Europe who are very successful and like to wallow in the limelight. It's just that the Americans are less subtle

The great mystery for Mr Reynolds is why the Japanese have not emerged as public party givers. Perhaps they pre-fer the discretion of the private clubs behind anonymous doors

HK's law-drafting team in Peking

By Michael Marray in Hong Kong

SENIOR Hong Kong politicians have arrived in Peking for talks with Chinese leaders in the first formal contact between Peking and Hong Kong since the June 4 massa-cre of pro-democracy protest-

The visit by members of the Hong Kong basic law drafting and consultative committees follows an invitation from Mr Ji Pengfei, director of the State Council's Hong Kong and Macau Affairs office.

The two sides are expected to discuss ways of bolstering stability in Hong Kong, where confidence has been badly shaken by recent events in China and the timetable for the drafting of the basic law, the mini constitution which will govern Hong Kong after the Chinese takeover in 1997.

The Hong Kong delegation may also hear at first hand some of the criticism directed at the colony from Peking in

ings against it becoming a base for counter revolutionary activities aimed at China.

Work on the basic law draft Work on the basic law draft was suspended locally in mid June, and a planned visit to Hong Kong a few weeks earlier by Mr Ji was also cancelled because of the crisis. Local legislators are now calling for an extension of the drafting process by one war. cess by one year.
The Hong Kong delegation includes Mr T.K. Ann, chair-

man of the consultative committee, as well as senior mem-bers Mr Wong Po-Yan and Mr bers Mr Wong Po-Yan and Mr
David Li. They are scheduled
to meet Mr Jiang Zemin, the
new general secretary of the
Chinese Communist Party.
Peking's complaints about
Hong Kong were echoed over
the weekend by Mr Xu Jiatun,
director of the local New China news agency, China's de facto embassy in Hong Kong, in a speech delivered to Hong Kong

Mr Xu warned against subversive activities in the colony, and emphasised the need for both Britain and China to faithfully implement the Sino British Joint Declaration — a reference to calls made in some quarters in Hong Kong for the

treaty to be renegotiated.
In spite of his warnings against meddling in China's affairs, Mr Xu's speech was in other parts seen as conciliatory in tone, promising that there would be no reprisals against Hong Kong people or locally based officials from Peking who took part in the huge pro-democracy protests, and under-lining the desire in Peking to shore up confidence in Hong Kong's capitalist future under the "one country, two systems" doctrine.

Meanwhile, Mr David Howell, chairman of the British House Foreign Affairs Select Committee, suggested yesterday that Western nations could

problem by offering residence rights to its people if China broke its agreement on the colony's future. He named the European

Community, the US, Canada, Australia, Singapore and New Australia, singapore and New Zealand as countries which he said could be asked to offer homes to Hong Kong people. "We are talking about a set of assurances to all Hong Kong people to give them very good reason to stay there and prosreason to stay there and pros-per under the Chinese," Mr Howell said in a BBC radio

Mr Stephen Cheong and Mr Leong Che-Hung, both mem-

Leong Che-Hung, both members of the colony's legislative council, will arrive in London this morning to lobby MPs on the right of abode issue.

During his visit to Hong Kong early last week, Sir Geoffrey Howe, the British Foreign Secretary, ruled out any possibility of millions of full British passports being given to Hong Kong citizens.

delegates of the Chinese National People's Congress. jointly solve the Hong Kong Call for unity in wake of atrocity

Hugh Carnegy on the dilemma facing Israel's Labour Party

RISH politicians often usually in vain of the need not to be dictated to by "the politics of the latest atrocity." The phrase would find a ready echo among leaders of Israel's Labour Party who meet today to consider whether to pull out of the coalition Government headed by Mr Yitzhak Shamir.

The meeting, prompted by hardline conditions attached last week by Mr Shamir's Likud political grouping to his peace proposals for the occupied territories, was postponed from Thursday because of the attack on an Israeli bus by a Palestinian which claimed 14

The outrage caused by the attack was felt throughout the weekend and will inevitably colour the course taken by Labour. Yesterday, the coali-tion Cabinet united in condemnation of the bus incident, the worst of its kind for a decade, and in condemnation of a rash of retaliatory actions by Israelis that have followed.

On Saturday a Palestinian from the Gaza Strip was killed when his car was forced off the road in the Negev desert by Jewish stone-throwers. There were a number of other stonethrowing incidents, usually accompanied by shouts of "Death to Arabs," and angry outbursts at funerals of the crash victims. "The Government deplores irresponsible acts by Jews out of the bitterness of their hearts," the Government said. "These things must not occur."

Mr Shamir, already angered

by US contacts with the Pales-



Israeli police arrest a demonstrator at the funeral yesterday of a victim of last week's bus crash

tine Liberation Organisation, expressed concern that Washington had failed to describe the bus attack as terrorism. He called on Labour not to leave the coalition. "It is not the time for a split; it's time for unity," he said, adding that Labour would be punished by the electorate if it brought

The dilemma for Labour is whether that risk - height-ened by public reaction to the bus attack - outweighs the risk to its credibility posed by staying in harness with Mr Shamir, now that he is per-ceived seriously to have damaged the peace process. Its chief motive for joining the coalition was to advance efforts to resolve the Palestin-ian uprising in the West Bank and Gaza, which entered its 20th month yesterday.

Two Labour ministers, Mr Ezer Weizman and Mr Moshe Shahal, have recommended that today's meeting of top party officials advise the policy-making body, the central diate pull-out. But another minister, Mr Mordechai Gur, said yesterday such a move would be "crazy" in the pres-

This is almost certainly the advice Mr Yitzhak Rabin, the Defence Minister, will also offer. He occupies a key posi-tion as the Labour minister closest to Mr Shamir, His recent partnership with the Prime Minister has been the main pillar of the bi-partisan peace initiative. Mr Rabin was stung by Mr Shamir's lurch to the right, but has said that more time was needed to see whether the plan had life left. To decide otherwise now would indeed be to defy the

• The Palestinian accused over the bus crash apparently acted to avenge alleged beating and imprisonment of his brothers by Israeli soldiers, police and Arab sources told Reuter in Jerusalem. Abdel Hadi Salman Rassem Ghanem, 23, was yesterday in a prison hospital ward recovering from head and chest injuries.

of chemicals Share price relative to the

The long-awaited downturn in the chemicals cycle seems finally to have arrived. Indusfinally to have arrived indus-try profitability hit an all-time peak in March and has been heading south ever since. Prices of bulk chemicals are collapsing, with some of the basic plastics down by a third in four months in four months.

The stock market has sud-

denly woken up to this: ICI has underperformed the London market by 7 per cent in the last 10 days, and continental European bulk chemical producers such as DSM fell sharply the telephone to the continents. throughout last week. The stockbrokers BZW have just cut their forecasts of chemical earnings from Shell - the

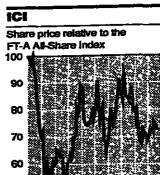
earnings from Shell – the world's biggest petrochemical producer – by £150m for this year and £300m for next.

Since demand for basic chemicals is a good leading indicator for the world economy as a whole, this could have worrying implications. But the puzzle is that demand is still rising – by 4 per cent this year, on some estimates – and plants are still working flat out around the world. And although the industry is engaged in its first orgy of plant building for a full decade, plant building for a full decade, the new capacity is not due until next year.

To an extent, customers must be de-stocking, even if this is not yet showing through in the volume figures. More important, they are forcing prices down on the clear assumption that they have still further to fall. Partly, this will mean that they expect lower demand for their own products. But it also presents a pattern more specific to the chemical industry: when new capacity is due, prices fall six or nine months in advance as producers scramble for the market share to justify their

Perhaps that pattern too has implications for industry as a whole. Chemical producers overbuilt ferociously in the late 1970s and paid the penalty in 1980. They then systemati-cally underbuilt and by 1987-88 were enjoying the fattest mar-gins the industry has ever seen. Then, of course, they starting building again in time for the next downturn. Even ICI, one of the most prudent of the chemical majors, last week announced its biggest ever new investment, a £150m plant in Taiwan. As stock market operators know, the time to sell is when the last bear turns bull-

This has its analogies throughout the corporate sector, still enjoying record profitability and an investment boom. There is no law which says that industry must always be caught facing the wrong



A warning whiff

way in a recession. It would certainly be bad luck, however, if the recovery from the exceptionally deep recession of 1980 lasted just long enough to cajole companies into investment, and not long enough to let them benefit from it. But for the equity market as a whole and chemicals stocks

1980 82 84 86 88

in particular, all that may already be in the price. It looks increasingly as if the crash of October 1987 was simply the market discounting recession, or at least a severe downturn, 18 months in advance. In keeping with this is the fact that a stock like ICI, still labelled by the market as a cyclical. dropped to a market discount in the crash and has stayed there ever since. Though the market will not immediately market will not immediately enjoy seeing its predictions verified, it does not discount the same things twice. And if you believe with ICI's management that the company is no longer cyclical anyway, that makes the stock positively attractive.

International banks

One of the more puzzling stock market trends of 1989 has been the widely diverging per-formance of the major UK and US banks. In terms of capital strength National Westminster Bank and Barclays are now the biggest in the world - according to The Banker's latest ranking - which should mean that they are better able to weather any downturn in the world economy or deteriora-tion in the Third World debt situation. Yet their shares have performed miserably in 1989 and are trading at a substantial discount to those of their US competitors.

The FT-A Bank sector has underperformed the UK mar-ket by 10 per cent this year, and FT-A sector relative hit an all-time low last week. By conbank stocks has risen by 23.7

are yielding close to 50 per cent more than Citicorp and JP Morgan, and their prospective earnings multiple of less than 5 compares with Citicorp's 6 and

Morgan's 9. Some of the variation has to do with differing earnings out-looks. Keefe estimates that the average earnings growth of the US banking majors will only slow by a couple of percentage points to 12 per cent this year, whereas the outlook for UK bank profit growth has deterio-rated sharply in recent months as the impact of high interest rates on former growth busi-nesses like mortgage lending has taken its toll. The recent news from the TSB has underlined the squeeze on UK retail banking margins, and UK bank earnings will be lucky to grow by 5 per cent this year. Unlike in the US, where bank profits are still growing faster than the market, UK bank profits are growing considerably more slowly and could even decline over the next year or two on the more bearish forecasts.

However, the difference in economic environment is only part of the reason. There are also widely differing percep-tions of the impact of the ini-tiatives to solve the Third World debt crisis. As a rule of thumb, US analysts are far more positive than their European counterparts; which is somewhat puzzling, since US banks are generally not as well capitalised as the major UK banks and are often more

Argentina has not paid any interest for more than two years, its debt arrears are now \$3bn, and US banks have recently been ordered to increase their Argentine write downs. Rather surprisingly this is unlikely to have ar impact on second quarter earn ings because most banks are going to deduct the losses from reserves they do not intend to replenish, but with Brazil delaying interest payments and increasing pressure on banks to make further concessions on their Mexican debt, the outlook is far from encouraging. Next week's first half results

from Citicorp and those from Lloyds Bank the week after, will provide important clues to current commercial bank thinking on provisioning. It is no surprise that the Bank of England is reviewing its matrix for calculating appropriate provision levels and a further substantial round of provisioning is looking increasingly likely. This may just be the sort of signal to convince trast, the Keefe, Bruyette & the sort of signal to convince Woods index of 24 major US the equity markets that the quality of most bank balance sheets has improved immeaper cent this year compared with a 15.8 per cent rise in the S&P 500. Barclays and NatWest surably since the start of the debt crisis seven years ago. surably since the start of the

i 1754

G7 tackles la Revolution

Continued from Page 1

"the world's largest ball," fill-ing the Avenue Richard Lenoir between the Bastille and the

Place de la Republique.

Bastille Day itself is more straightforward, with the traditional military march-past in the morning, a garden party at the Elysee Palace in the afterthe Elysee Palace in the afternoon, and the spectacular
parade devised by Mr JeanPaul Goude, an advertising
specialist with a fertile though
controversial imagination.
Mr Goude annoyed many of
the French and foreign participarts by the stereotyped roles

pants by the stereotyped roles he devised for them – the Brit-ish marching past under an artificial rain cloud, the Rus-sians carrying an ice rink on their head, the African drummers in grass skirts like cannibals around the pot - but his enthusiasm is starting to catch

on.

Complicating the whole event, however, is the summit, which officially begins on Friday afternoon and carries on until the final joint communique at 5 pm on Sunday.

The first problem is that Japan and the UK, both members of the Group of Seven, are

bers of the Group of Seven, are still monarchies. None of the heads of state invited only for

WORLD WEATHER

the bicentennial celebrations has this inconvenience; the monarchies of the European Community are notable by

The second is the difficulty of combining the summit with the bicentenary itself. Some of Mr Mitterrand's staunchest Mr Mitterrand's staunchest fans, such as the pop singer Renaud or the race relations campaigner Harlem Desir, were so scandalised by the thought of celebrating the Revolution with a meeting of the seven richest countries in the world that they set up a counter-festival, culminating in a huge free concert at the Rashuge free concert at the Bas-

tille on Saturday.
The Third Estate of today is the Third World," Renaud pro-

The gibes have hit home. It is said that Mr Mitterrand himself is irritated by the counterfestival and his supporters in the Socialist Party have hit back with a declaration calling on the summit nations to forestee their Third World debt. give their Third World debts

as many of them have
already done, at least for some

of the poorest African coun-But it will be hard to avoid hurt feelings on Friday even-

ing when President Mitterrand hosts a dinner for the seven rich nations in the Hotel de la Marine, overlooking the Place de la Concorde, while his wife and his Prime Minister wel-come the "poor" relations to dinner at the Hotel Crillon

next door. One attempt to sugar the pill - sending the spouses of the Seven to fraternise with their less privileged neigh-bours – backfired embarass-

After this diplomatic conundrum, the problems of the summit meeting itself will pale into mere logistics. All the same, official drivers are not looking forward to the shuttle between plenary sessions in the brand new Arche de la Defence, beyond Paris's western border, finance ministers' meetings at Bercy, far to the east, and private reunions of heads of government at the Louvre Pyramid in the middle

Nor are the organisers looking forward to keeping nearly 5,000 journalists at bay. Security at the Arche has supposedly been watertight for weeks now, but some journal-ists casing the joint have already found their way to the holy of holies on the 35th floor without so much as an identity

Can the Biceutennial Mission pull it all off? After the deaths of its first two chairmen, the Mission had fallen a long way behind in its plan-ning for the commemoration of the Revolution, and the failure of some of its main ventures, such as the Tuileries 1789 Arcade, has not helped to shake off the feeling of a flop The Figaro Magazine, whose sympathies are markedly anti-

Revolution, published with giee a poll showing that 59 per cent of Parisians viewed the bicentennial ceremonies with indifference or irritation, and that 62 per cent were shocked by the money spent.

UK satellite dish sales to rise by end of the year

By Raymond Snoddy

MORE THAN 400,000 British homes may have bought their own satellite receiving equip-ment by Christmas, according

to new market research.
The result is encouraging for
Mr Rupert Murdoch's Sky Television, but is modest compared with the prediction that the service would be in 1.5m homes by the end of its first year on air - February 1990. The fourth Financial Times

Satellite Monitor by Kenning-ton Research also found that at the end of last month an estimated 118,000 homes in Britain were receiving satellite chan-nels such as Sky Movies, W H Smith's Screen Sport and Mr Robert Maxwell's MTV – an increase of 25,000 over May.

The predicted pre-Christmas surge in demand emerged

when those who said they would definitely, or probably, install satellite receiving equipment were asked when they intended to buy. Only half gave a firm reply and of these, nearly 70 per cent said they intended to wait until next year. British Satellite Broadcasting, a consortium in which pearson owner of the Fine Pearson, owner of the Finan-cial Times, has a stake, is scheduled to launch its five-channel service in the spring. The rest said they intended to install before Christmas, most of them in November or December At face value it December. At face value it would mean 700,000 new instal-

would mean 700,000 new instal-lations before Christmas. The full version of the Finan-cial Times Satellite Monitor can be obtained from the FT Research Department, Finan-cial Times, 1 Southwark Bridge, London SE1 9HL.

Advertising revenue, Page 4

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